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# China Report

ECONOMIC AFFAIRS

No. 280



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## CHINA REPORT

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## NATIONAL POLICY AND ISSUES

### OFFICIALS COMMENT ON ECONOMIC TARGETS

HK120840 Beijing BEIJING REVIEW in English No 40, 4 Oct 82 pp 16-18

["Articles and Documents" column: "Can China Reach Its Economic Targets by 2000?"--passages within slantlines denote boldface as published]

[Text] Editor's note: At the recent 12th National Congress of the Chinese Communist Party, general secretary Hu Yaobang set forth the general objective of quadrupling the gross annual value of industrial and agricultural production by the year 2000--2,800 billion yuan. This has caused lively discussions among the Chinese people and caught the attention of foreigners. Can this objective be reached? In the following excerpts, some economists and leaders express their views. [end editor's note]

/Tentative Ideas/

/Fang Weizhong, vice-minister of the State Planning Commission:/

The tentative ideas for quadrupling the production targets are:

First, by 2000, we can double the total output of energy, steel, cement, chemical fertilizer, cotton yarn, paper and other important means of production from the 1980 figures; it is impossible to quadruple these figures because power output must increase at the same rate as industry. The output of [word indistinct] machinery products can increase 4- to 5-fold.

Second, technical progress will help reduce wasteful consumption, improve product and processing quality so that the value produced by a given amount of energy and raw and semifinished materials will double, thus doubling economic results. Suppose the present per-unit energy consumption for industrial products is 100, it will be reduced to 50 by the year 2000. Thus one ton of energy will produce the same result as two tons do now. In the raw and semifinished materials industries and the various processing industries, by increasing the number of varieties, improving accuracy of processing, replacing outdated products and comprehensively upgrading products, it will be possible to raise the output value of products by a large margin.

third, some newly emerging industrial departments such as electronics, telecommunications, nuclear energy, petrochemical and others will develop rapidly to greatly boost industrial output and increase output value.

Our rough estimation is that if the production techniques of our major industries can reach the level of economically developed countries by the year 2000, we will be able to achieve our plan of quadrupling our production targets.

/Analyses of Possibilities/

/Xue Muqiao, secretary-general of the Economic Research Centre under the State Council and noted economist:/

Quadrupling China's total industrial and agricultural output value by the end of this century means an average annual increase of 7.2 percent. I think this can be achieved.

In the past 32 years (1950-81), China's total industrial and agricultural output value increased 9.2 percent annually on an average; if we exclude the economic rehabilitation period (1950-52) which witnessed particularly quick development, it increased 8.1 percent annually on an average between 1953 and 1981. In the previous five five-year plans, excluding the second one (1958-62), it also increased at a rate over 7.2 percent.

During the Sixth Five-Year Plan (1981-1985), we will strive for a 5 percent or higher annual increase: during the Seventh Five-Year Plan (1986-90), we will endeavour to register a 6-percent or higher growth per year. After a solid foundation is laid, we will achieve an annual 8-percent or higher increase in the 1990s. In this way, it is possible to attain the goal of quadrupling our production targets.

Some people say, the bigger the base, the lower will be the growth rate. I disagree with this view. A big basic number will mean more national income. In this way, the percentage of accumulation will be enlarged and science and technology will develop at an increasing pace. All these are indispensable conditions for achieving rapid development. The development of capitalist production usually is conditioned by the market. Socialist China with its population of 1 billion, which will increase to 1.2 billion by the end of this century, will not be able to satisfy such a big domestic market even if production is more than quadrupled. This is different from capitalist countries.

Of course, it is not easy to achieve the goal of quadrupling production targets. Much arduous work remains to be done.

/Li Ruihuan, acting mayor of Tianjin:/

The following must be considered regarding the possibility of quadrupling China's total industrial and agricultural output value in 20 years.

/Historically:/ During the 23 years from 1957 (the end of the First Five-Year Plan) to 1980, the average annual growth rate of China's total industrial and agricultural output value was 7.6 percent. During this period, we suffered two major setbacks--the "Great Leap Forward" and the "Cultural Revolution." We learnt our lesson; there will be no such major setbacks in the future and so an average annual increase of 7.2 percent is possible.

/Internationally:/ Other countries have quadrupled their total industrial and agricultural output value in 20 years. China's present conditions are no worse than those countries' were. Why shouldn't we be able to achieve the same goal?

/Economically:/ China has established a considerable material and technical foundation. Because our current economic results are poor, we have great potential for development. If only we can consolidate enterprises, improve management, and speed up technical transformation, we can tap all the potentials.

/Politically:/ The years of political turmoil are over and stability and unity have been achieved. We now have a strong party Central Committee leadership and a series of principles and policies consistent with reality. We have both positive and negative experiences in socialist construction over the last 30 years and more. These have reinforced our confidence and inspired us to great efforts to create a new situation in all aspects of socialist modernization.

/Local Views/

/Zhang Ji, chairman of the Planning Commission of Sichuan Province:/

Total industrial and agricultural output value of Sichuan Province rose from 23.6 billion yuan in 1976 to 48.4 billion in 1981. Since it could be doubled in the past five years, why can't it be doubled in the next 10 years? Like many other places in the country, Sichuan has rich resources and huge potentials. It has 33 million hectares of barren hills, over 100 million kilowatts in untapped water resources, immeasurable underground mineral deposits and an enormous industrial production capacity yet to be exploited. Many economic result targets, such as profit rate on investments and labour productivity, are more than one-third lower than the nation's average level. If each yuan of Sichuan's fixed industrial assets could be made to create output value at a rate comparable to Shanghai's output, the province's industrial output value would be more than doubled. Of course, attainment of this strategic goal requires us to work vigorously, do our work well in a down-to-earth manner and give fuller play to the superiority of the socialist system.

/Huang Oudong, chairman of the Liaoning Provincial People's Congress Standing Committee:/

Liaoning Province, an old industrial base, is faced with heavy tasks of enterprise readjustment and enterprise consolidation in the 1980's so they should be undertaken with care. During this decade, its main tasks are to effectively readjust the proportion between various economic departments, to improve economic results, to lay a solid foundation and build its strength. The average annual growth

rate is expected to be 5 to 6 percent and the total industrial and agricultural output value will increase 70 percent. Greater strides should be taken during the 1990s and vigorous efforts should be made to achieve an 8 to 10 percent average annual growth rate. In this way, by the end of this century, total industrial and agricultural output value can reach between 200,000 million and 220,000 million yuan, that is, quadrupling the figure of 53,300 million yuan in 1980.

In the past four years since the Third Plenary Session of the 11th Party Central Committee, our experience has shown that it is possible to achieve this goal. Compared with 1978, Liaoning's total industrial output value went up 16.2 percent, an average annual rise of 5.1 percent. Heavy industry accounted for 70 percent of the province's industrial output value. During the economic readjustment in the past few years, although the output of many heavy industrial products declined, Liaoning still achieved a similar rate of growth. Now that readjustment has promoted efficiency and heavy industry has begun to take an upturn, we believe that it is possible to reach or even surpass the envisaged rate of growth in the 1980s.

/Gu Xiulian (female), a secretary of the Jiangsu Provincial Party Committee:/

Jiangsu has favourable material conditions for its economic development. A strong agricultural scientific research force has been built up in the countryside. Capital goods production in agriculture has begun to take shape; a system of water conservancy facilities has been established which has a considerable capacity to fight natural disasters. The province possesses much farm machinery and electric supply equipment. Jiangsu's total agricultural output value increased 77 percent in 1981 over that of 1978. It has a fairly solid industrial foundation. Its medium and small enterprises are flexibly operated, it can quickly meet market demands and has a large assortment of products. Its total industrial output value was 47,400 million yuan in 1981, an increase of 25 percent over that of 1976.

We are fully confident that we can quadruple the province's total industrial and agricultural output value by the end of this century. The key to achieving this is to continue economic readjustment, improve industrial structure, carry out technical transformation of enterprises, save energy, develop new energy resources and raise economic results.

/Chi Biqing, first secretary of Guizhou Provincial Party Committee:/

The province's total industrial and agricultural output value was always the lowest in the nation. But the situation has undergone great changes since 1978. The per-capita annual net income in the countryside has now nearly doubled, although much more needs to be done.

A full 80 percent of the province is mountainous. Farmland and water surface each account for 10 percent of the province's total area. The province has rich underground mineral resources and is suitable for the development of forestry,

animal husbandry, sideline occupations and industry. We plan to exploit and develop these superior natural resources. We will strive to narrow the gap between Guizhou and our neighbouring provinces in five years, to reach the nation's medium level of development in another five years and attain the average level of the nation's total industrial and agricultural output value by the year 2000. By that time, Guizhou will be able to more than quadruple its production targets. Guizhou has a poor foundation to start with, but we have high aspirations. We will, according to the magnificent goal set for the next 20 years, do our work well in various fields and rapidly change the province's backward features.

CSO: 4020/12

## NATIONAL POLICY AND ISSUES

### 'GUANGMING RIBAO' ON PLANNED MANAGEMENT SYSTEM

HK220718 Beijing GUANGMING RIBAO in Chinese 10 Oct 82 p 3

[Article by Huang Zhenqi (7806 2182 1142): "Establish a Planned Management System in Light of China's Actual Conditions"]

[Text] In his report at the 12th party congress, Comrade Hu Yaobang pointed out: "Ours is a planned economy based on public ownership." "In order to maintain both the centralized control and the diversified forms of our economic development, we should adopt different forms of planned management in the light of different conditions." This means that we should establish the planned management system in the light of China's actual conditions.

#### The Criterion for Judging Whether a Planned Management System Is Scientific

The planned management system is mainly concerned with the division of the scope of responsibility and power for the work of planning and management of our national economy among the various levels of economic management departments. This, at the minimum, involves the division of responsibility and power in the following aspects: 1) the division of responsibility and power among the various central departments; 2) the division of responsibility and power between the central and local departments; and 3) the division of responsibility and power between the state and the enterprises. Different methods of the division of the scope of responsibility and power give rise to different patterns of planned management, which are also called planned management systems.

What planned management system can be regarded as being scientific and rational and can give fuller play to the advantages of planned economy? There should be the following main criteria for our judgment: 1) the correct implementation of the principle of taking the planned economy as the core and supplementing it with regulation by market mechanism, which is a fundamental issue in the reform of our economic structure; 2) the centralization of all that can be centralized in order to facilitate the striking of a comprehensive balance of the national economy; 3) the decentralization of what must be decentralized in order to facilitate giving play to the initiative of all sectors; and 4) the high speed and high efficiency that facilitates the development of the national economy. As the 3d Plenary Session of the 11th CPC Central Committee pointed out, one serious weak point



of our country's previous economic management system is overcentralization of power. We must boldly transfer in a planned manner some of the power to local authorities and to the enterprises in order to give them greater decisionmaking power under the guidance of the unified planning of the state. Since 1979, we have been carrying out the experiment of the reform of the economic management system in accordance with the spirit of the 11th Plenary Session of the 11th CPC Central Committee. First, we began with the expansion of the decisionmaking power of the enterprises and focused on readjusting the relationships between the responsibility, power and interests of the state and the enterprises. At the same time, we also made some reforms to the centralization of power of the state and the local (authorities), the decentralization of power of authorities. (For example, the establishment of the financial system or "dividing the scope of collecting revenue and paying expenditures and assigning full responsibility level by level.") This initial reform has achieved remarkable results in giving play to our enterprises and local organizations and in enlivening the economy. However, because work in other areas fails to coordinate with this reform, in that period there emerged a trend of weakening and abandoning the unified planning of the state. This has caused some important sectors of our national economy to become out of control. Therefore, in the existing system of planned management, there is the problem of failing to centralize what must be centralized as well as the problem of failing to decentralize what has not been sufficiently decentralized. We must conscientiously study, under the guidance of Marxism-Mao Zedong Thought [as published], the basic national conditions of China at present and establish a planned management system that is suited to China's national conditions.

What Are the Actual Economic Conditions in China?

What, then, are the actual economic conditions in China? Viewed from the establishment of the planned management system, the actual economic conditions in China can be summarized as follows:

1. The conditions of our social productive force is the coexistence of mechanized and automatic labor and pure manual labor, with many shades of semimechanized and semimanual labor in between. Among the various sectors of our national economy, in our industry and communications large-scale mechanized production plays the leading role, but in our agricultural production, manual labor plays the leading role and is supplemented by and combines with semimechanized labor. Among our total social products, more than 50 percent of them are the output of large-scale mechanized production. Furthermore, among the total 400 million laborers in the society, nearly three-quarters are engaged in manual and semimanual labor. The socialized big production plays a leading role in our national economy and objectively needs the regulation of planning. However, judging by the level of the development of the productive force in the whole society, we see that this level is relatively low. Therefore, the depth and width of the regulation of the planning should, to some extent, be restricted.

2. As for the structure of ownership, the various forms of public ownership, collective ownership and personal ownership of labor coexist. The



economic sector owned by all the people is a leading force in our national economy, both in terms of its degree of socialization and in terms of its economic strength. The collectively owned economic sector is also an important part of our national economy and together with the publicly owned economic sector, constitutes the basis of the socialist economic system. Collective ownership is the main form of ownership in our agriculture and is also a form of considerable importance in our industry. The collectively owned industrial enterprises constitute nearly 80 percent of our country's total industrial enterprises and their total output value constitutes 20 percent of our total national industrial output value. Even the publicly owned enterprises vary greatly in their scale and in their importance in the national economy. Generally speaking, in publicly owned enterprises we can carry out direct planning and in collectively owned enterprises we can carry out indirect planning. In large-scale key enterprises, the degree of planned management is higher, but in small and medium-sized enterprises without key importance it can be lower. Some small enterprises and the individual economy in rural or urban areas need not be included in the plan of our national economy.

3. As for the types of social economy, we have commodity production in its exact sense and in its not so exact sense, which is basically directly related with social labor, and we also have some self-contained production. Since there is commodity production, the law of value will play its role of regulation over the production. This determines that under the prerequisite of regarding the planned economy as the core, we should give play to the supplementary role of regulation by the market mechanism, and that our planned management should be diversified in form and should be carried out in a flexible manner.

4. Our territory is vast, our population is huge and economic development is uneven in various areas. This requires that we should strengthen the leading role of the unified planning of the state to ensure the smooth progress of the key project and, at the same time, do a good job of making an even distribution of productive force to give play to all the favorable factors in all the areas under the guidance of the unified planning of the state. If the central authorities fail to exercise a strong centralized and unified leadership, a separatist situation will emerge in various areas and planned economy will be impossible. However, this does not mean that the central authorities should be in charge of every economic activity and every activity of social development in all areas. It is neither possible nor necessary to do so. As ours is a big country, the natural conditions and resources differ widely in different areas and economic development is uneven. As our population is huge, not only is the number of those we have to provide jobs for large, but the number of laborers the society needs is also large. Moreover, the varieties of the labor needed are complicated. If we do not implement the system of management level by level under the leadership of the unified planning of the central authorities to correctly give play to the initiative of all local areas, it will be very difficult for our various socialist undertakings to develop successfully.

## The Establishment of Chinese Pattern of Planned Management System

According to Marxist theory on planned economy and taking our country's actual conditions into account, in order to establish a Chinese-pattern planned management system for our national economy, we should mainly solve the following problems:

1. The power to strike an overall balance of the national economy must be centralized. The basic requirement of the implementation of the planned economy is the satisfactory striking of an overall balance of the national economy. The actual planning of the various kinds of production and construction and the development of the socialist cause, the organizing of the carrying out of the state plans and the daily work of directing and management should be placed in the charge of various relevant departments. Opinions of these departments should also be solicited when plans of the national economy are being formulated. However, the great power in arranging the various basic proportional relationships that have a bearing on the overall situation of the national economy and in balancing the resources of and needs for the resources of labor, material goods and funds cannot be decentralized and must be centralized by the central authorities. In accordance with the requirements of the State Council, the State Planning Commission plays the role of making overall plans and striking the overall balance. It is responsible for drawing up the national production plans, the fixed assets investment plans, the overall financial plans and the plans for the distribution and circulation of materials and goods. After the approval of the NPC or its Standing Committee, the national economic plans will be sent to various departments by the State Council under the State Council's unified arrangement. This will prevent the malpractice of each of the various lower level departments going its own way. The requirements set by the national economic plans for the various central departments have mandatory and legal force. Under the prerequisites of ensuring the meeting of the requirements of the national economic plans by a department, the department can act flexibly in accordance with the situation in the department.

2. Planning is centralized, but management is carried out at various levels. Local departments are also responsible for the planned management of the national economy, which is not merely the responsibility of the central departments. What we implement is a principle of centralized planning and of assigning management responsibility to all levels. Thus, we can give full play to the initiative of both the central and local authorities under the prerequisite of consolidating the unified central leadership. The decisionmaking power on major affairs should be centralized and that on minor affairs should be decentralized. We should oppose the malpractice of overly tight control of the central departments over local areas because this will hamper the initiative of local areas. We should also oppose decentralization that refuses to take into account the interests of the whole situation. When we are drawing up a national plan, we should solicit and give full consideration to local opinions and respect the legitimate power and interests of local areas. The tasks and requirements that are put forward in the national plan to the various local areas, such as the transfer of financial revenue up or down, the transfer of commodities into or out

of local areas, the production targets for major industrial and agricultural products, fixed asset investment targets and major projects of capital construction, also have mandatory and legal force. Therefore, the local authorities must fulfill these tasks and satisfy these requirements. Under the prerequisite of ensuring the fulfillment of the state plans, the provincial, municipal and regional authorities are empowered to strike the local balances and formulate local economic development plans in the light of local conditions. The provincial-level economic plans should include two kinds of tasks: the tasks put forward by the national plan and the tasks put forward by the local authorities on their own. The latter is outside the scope of the national plan but is an organic part of local plans. Therefore, it cannot be treated as tasks related to regulation by market mechanism. In carrying out local planned management, there is the problem of the division of the power and responsibility for planned management between provincial, prefectural, (municipal) and county authorities. In reforming the planned management system, we should also conscientiously study and solve this problem.

3. We should carry out both the mandatory and the guiding plans. In order to adhere to the socialist planned economy and ensure the conscientious implementation of the scientific national economic plan that we have already drawn up, we must solve the problem related to coordination between the national plan and the plans of the enterprises. Otherwise, the plans may become wastepaper. How, then, can we make our enterprises carry out their production and business activities in accordance with the requirements of the state plans? We should implement a system of combining mandatory plans with guiding plans in accordance with the different positions of various products in our national economy and the characteristics of the production of these products and in accordance with the nature of ownership of the various enterprises and the role of these enterprises in our national economy. Mandatory plans are an important reflection of our country's socialist public ownership in the organization and management of production. Plans of the nature of directive and decree should be enforced on the production of the means of production and the means of consumption in our state-owned economy, which has a bearing on the national economy and the people's livelihood, especially the backbone enterprises which have a bearing on the whole economic situation and which, though they do not have many varieties of products, turn out a major part of the nation's total output value. The guiding plans will be implemented in many enterprises (including both publicly and collectively owned ones) which are relatively important in our national economy and the products of which are relatively important. For the enterprises on which mandatory plans are enforced, the state should guarantee the supplies of energy and major raw materials and have a monopoly over their products. For the enterprises in which guiding plans are implemented, the state should guarantee, to some extent, the supplies of energy and major raw materials, and the state material and commercial departments should make selective purchases of their products. The enterprises should resolutely fulfill the targets that are put forward in mandatory plans. In case of a failure to fulfill such a plan due to subjective causes, the state will investigate and fix the economic, administrative and legal responsibility for this offense. At the same time, we should use

economic levers as supplementary means in accordance with the requirements of the law of value to facilitate the fulfillment of these targets. The targets that are put forward in guiding plans are important bases for the enterprises in drawing up their own plans. The enterprises should strive to fulfill these targets, but this is not compulsory. The realization of these targets is achieved mainly by means of the conscious application of the law of value and by means of using economic levers to adjust economic interests in order to guide the enterprises to carry out their production and business activities in accordance with the requirements of the guiding plans and, if necessary, by administrative means as supplements. Our country's agriculture is mainly a collectively owned economic sector which is, to a considerable extent, self-sufficient. In this sector, we implement indirect plans and generally issue guiding plans for the production of major agricultural products. However, because of the great importance of grain, cotton, oil crops and some other agricultural products for our national economy and for people's livelihood, we issue mandatory plans for the purchases and transfers of these products. A combination of management by mandatory and by guiding plans is precisely the planned management system that the state will implement in our enterprises for a long time to come. In different periods, the state will adjust its policies related to these plans along with changes in various economic conditions. Therefore, the kind of plans that will be issued for a certain kind of product are not unchangeable.

4. We should give play to the supplementary role of the market mechanism. The essence of regulation by market mechanism is regulation by the law of value. By giving play to the supplementary role of the market mechanism, we mean giving play to the spontaneous regulation of the law of value. There are many kinds of small commodities that are produced by many scattered small enterprises (most of them are collective ones) and by individual laborers. The total value of these products constitutes a very small part of the total industrial and agricultural output value of our country, but their varieties are countless and their production and sales have a strong local and seasonal nature. It is impossible and inconvenient to place these products under unified planned management. For these small commodities, the state will fix, outside the unified planning of the state, a certain scope which varies according to the actual situation in different periods and allow the enterprises to flexibly arrange within this scope, the production and marketing of these products on their own in accordance with the changing relations of supply and demand in the market. The state should strengthen its management by means of policies and decrees and through its administrative work related to industry and commerce. In order to give play to regulation by the market mechanism, in the future we should gradually abandon our control over the production of small commodities, abandon batch by batch our control over their prices and allow our industrial and commercial enterprises to fix their prices through consultation. Small commodities belong to the third category of products, but they may need some first or second category goods (such as cotton cloth, steels, timber, plastics, etc.) as raw materials. The various local authorities should spare a part of these goods from their plans in order to satisfy the needs for the development of small commodity production.

CSO: 4006/45

NATIONAL POLICY AND ISSUES

ECONOMIST SUN SHANGQING ON QUADRUPLING OUTPUT

OW111111 Beijing XINHUA Domestic Service in Chinese 0754 GMT 9 Oct 82

[Report by XINHUA reporter Li Hongqi]

[Text] Beijing, 9 Oct (XINHUA)--While studying the documents of the 12th CPC National Congress, economist Sun Shangqing has analyzed the history of economic development in China in the past 30 years and more as well as the present state of its economy. He concluded that the grand objective of quadrupling China's gross annual value of industrial and agricultural production by the end of this century put forward by the party Central Committee is scientifically well-founded and that, since it was put forward by taking into account the specific conditions in China, it is attainable with the concerted efforts of the whole nation.

A few days ago the writer of this report called on Sun Shangqing, an economic expert who has been engaged in a research of Marxist economics for more than 30 years. Li Hongqi said that to quadruple, on the basis of working for more and better economic results, the gross annual value of China's industrial and agricultural production--from 710 billion yuan in 1980 to 2,800 billion yuan or so in 2000--China must achieve an annual growth rate of 7.2 percent from now on. During the Sixth and Seventh 5-Year Plan periods, efforts should be directed mainly at continuing the readjustment of the economic structure so as to lay a solid foundation and accumulate strength for ushering in a new period of vigorous economic development in the next decade. If the annual growth rate in the first decade starting from now is 5 to 6 percent, efforts must be made to achieve an annual growth rate of 9 percent or so in the second decade. In this way, China's gross annual value of industrial and agricultural production will reach 2,000 yuan by the end of this century. The attainment of this objective will place China in the front ranks of the countries of the world in terms of gross national income and the output of major industrial and agricultural products; it will represent an important advance in the modernization of its entire national economy; and the Chinese people will be cooperatively well-off both materially and culturally.

Sun Shangqing said that on the basis of analysis this encouraging grand objective is attainable. The history of economic development since the founding of the PRC shows that from 1953 (the beginning of the First 5-Year Plan) to 1981, China's gross annual industrial and agricultural production rose by an average of 8.1 percent, with the average annual growth rate of industry being 10.8 percent



and that of agriculture 3.2 percent. In order to achieve the strategic objective set by the 12th party congress, efforts must be made to achieve, from now on, an average annual growth rate of 5 percent for agriculture and of 8 percent for industry, the latter being a rate lower than that in the past 28 years. The growth rate for agriculture would be higher than that in the past, but since the 3d Plenary Session of the 11th CPC Central Committee we have gradually and successfully found a new effective means for developing agriculture, that is, in the form of the various kinds of production responsibility systems in which payment is linked to output. Particularly important is the job responsibility system in the form of household contracts with the contracted households serving as the production and accounting units under the production teams. The new way of operating the public economy will have a far-reaching impact on developing diversified economic undertakings, raising agricultural labor productivity and the percentage of marketable farm products and on opening up vast vistas for the development of China's agriculture. Moreover, with the development of agriculture, forestry, livestock breeding, sideline occupations, fishery and basic industries such as agricultural and sideline products processing, industries run by production brigades and production teams will certainly prosper. Of course, it will be quite difficult now to maintain a fairly high growth rate as the present base is larger than that in the past. However, we should note that our past increases in industrial and agricultural production were achieved despite the setbacks of the big leap forward in 1958 and the serious damage caused by the 10 years of internal disorder and that no setbacks of such magnitude are expected in the future. At the same time, we have a greater potential for economic growth because our foundation has become stronger and our technical level is higher than before.

Sun Shangqing was deputy head of the Economics Institute of the Chinese Academy of Social Sciences and is currently deputy secretary general of the academy. Proceeding from the entire situation in China's economic development, he analyzed the favorable conditions for achieving the grand strategic objective set by the 12th CPC Congress. He said: First, we have a superior socialist system. It is possible to develop the economy in accordance with the strategic plan formulated by the 12th party congress, thereby ensuring the healthy development of the national economy. This can be done by enforcing mandatory and guidance plans, by bringing into play the supplementary role of market regulation and by making social production meet the needs of the people under the guidance of the principle of coordinating all the activities of the nation like moves on a chessboard. Second, we have rich natural and abundant resources. After more than 30 years of socialist construction, we have built a relatively sound industrial and agricultural, as well as scientific and technological, foundation and accumulated experience in operating and managing enterprises. We have tremendous potential for economic development. These are important material bases for quadrupling China's gross annual value of industrial and agricultural production by the end of this century. Third, the people of the whole nation sincerely trust the party Central Committee and support the leadership of the party. This is the most reliable guarantee for realizing the grand objective. Under the strong leadership of the party and under the guidance of the correct line of the 12th CPC Congress, the Chinese people will continue

to work with greater enthusiasm and vigor for the four modernizations. Hence, in the course of bringing about a new situation in all fields of socialist modernization, we have the ability to realize the objective of quadrupling China's gross annual industrial and agricultural production.

Confident in the realization of the grand objective of China's economic construction, Sun Shangqing maintained that there would be numerous difficulties to be encountered in the course of carrying out the four modernizations' program. Take industry for example. We must rely mainly on technological progress to fulfill our planned target. To increase the gross industrial output value by one-half or even more, we must rely on advanced technology. Therefore, we must strive to raise our country's technical level by a big margin and speed up research in advanced sciences and technology and their application in production. At the same time, we must carry out the technical transformation of old enterprises in a planned and systematic way and renovate old technologies, equipment, techniques and materials; we must also strive to gradually rationalize the economic structure. This is an important condition for realizing the strategic objective. Besides, we must continue to reform the economic system in accordance with the principle of the leading role of the planned economy and the supplementary role of market regulation to ensure the realization of the strategic objective by beginning with the improvement in the management system. There will be numerous difficulties in this field, but they can be overcome. The problem lies in whether or not we work hard, confidently and in a down-to-earth manner as required by the 12th CPC Congress. We must calmly ponder the problems and estimate the difficulties we are likely to encounter in implementing our strategic priorities, steps and concrete measures in the years to come. Only thus can we remain invincible and be assured of success. I believe, with the concerted efforts of the whole nation, we will be able to overcome difficulties and perils and attain this objective. By the end of this century, China will continue its glorious advance into the 21st century as a stronger socialist country.

CSO: 4006/54

## NATIONAL POLICY AND ISSUES

### 'GUANGMING RIBAO' ON STRATEGIC ECONOMIC FOCUSES

HK010735 Beijing GUANGMING RIBAO in Chinese 19 Sep 82 p 3

[Article by Shi Zhonglai [0670 0022 0171]: "Explanatory Talk on the Strategic Focus of China's Economic Construction"]

[Text] In the 12th major party report, Comrade Hu Yaobang brought up the strategic target of China's modernized economic construction program for the latter end of the 20th century. In addition, he mentioned the strategic focus, strategic steps and a series of correct directions which should be taken in relation to such economic construction. With a practical and realistic long-term view, he outlined the future blueprint for China's economic construction.

Ours is a great socialist nation of 1 billion people. In this country of ours, which is undergoing socialist construction, it would not be acceptable to have developmental strategies in line with the present situation in China which do not fall in with the basic guiding principles of Marxism. In addition, it would not be acceptable to set up correct strategic aims without a correct strategic focus and a series of correct measures and governmental policies. Comrade Mao Zedong said: "A leader of any level should put the aims that he considers most vital above even the most important and decisively significant questions and actions uttered or made by those under his command." ("Collected Works of Mao Zedong," Vol 1 p 160) This is the general working methodology of all Marxism-Leninism. It is also the most important working methodology and guiding principle to be heeded in the modern construction of socialism.

Proportional planned development is one of the objective rules of socialist economic development. Such a principle requires overall planning and the consideration of all factors to be objectively and proportionately carried out, along with strict adherence to economic development within all sectors and departments as well as production technology itself. Such a composite and delicately balanced principle must not be upset. Furthermore, composite balance is not the same thing as doing several things at once. Likewise, proportional does not entail by force. Objectively speaking, the proportional and composite movement also requires a grasping of its basic contradiction and a seeking out of vulnerable spots which have an overall influence, a high-lighting of focuses with clarity and broadmindedness as well as simultaneous attention to the more general. Such behavior should be taken note of, in particular when considering more long-term developmental strategies. Plain facts tell us that each department of the national economy occupies a different position within the national economy. Similarly, the power shown by each department of the national



economy necessary for the developmental demands of the national economy at different times are not the same. The demands to be put on these departments or sectors in modern long-term development will also vary. By looking at the position of each sector within the national economy we can make two basic divisions. On the one hand, there are the more fundamental sectors, making decisions of a more overall kind in the national economy. These sectors hold decisive positions within the national economy and have decisive roles to play in the developmental direction of the economy, its speed and level as well as the long-term construction of the country as a whole, thereby closely affecting the present and future development of the national economy. The other half of this division encompasses sectors which also hold important positions affecting and influencing the development of all sectors of the national economy but, for the moment at least, not having decisive roles to play in the national economy. One is also able to make the divisions by looking at the power and level of development of the different sectors of the national economy and the extent of their suitability to the demands of socialist construction. One may be classified as the key sectors in the national economy which are not suitable to the long-term developmental needs of the national economy and may be said to form the weak link in the chain. The other division may be seen in general to suit the demands of the development of the national economy and have ample, if not more than enough power. Furthermore, should they demonstrate any weaknesses, they are of a temporary and localized nature and are easily overcome, but have no decisionmaking influence over the long-term development of the country and economy as a whole. Hence it is important that we grasp and recognise those sectors which are of key significance to the long-term development of the country but which still demonstrate weaknesses.

The party, by analyzing scientifically and on an overall basis the present situation of the national economy and the actual proportional relations of the various sectors and the strategic aims of modern construction, based on the demands for them, is making agriculture, energy, communications, education and science, these few basic links in the chain, the strategic focal point of the development of the national economy. This is in complete accordance with China's actual situation as well as with the demands of the objective rules of socialist economic development. Furthermore, it is of great significance and historical importance in putting China's socialist economy on the correct road and in the right direction.

Agriculture is the base of our national economy. Without putting agriculture first, it would be extremely difficult to organize anything else in China. The truth of this principle has been proved over and over again. The development of agriculture in China has been relatively fast since liberation, and in the last 3 years in particular since the propagation of the concept of production responsibility, the growth rate of agriculture has not only been faster than that of products in comparison to previous years, it has also accelerated above that of the level during the "First Five-Year Plan" period. Because of these developments in agriculture, not only have we solved the problem of feeding a quarter of the world's population, we have also been able to provide the industrial sector with a large variety of raw materials, while the foreign currency earned from agricultural exports have greatly helped the national construction program. Nevertheless, in overall terms, the foundations of China's agricultural industry are still weak and the extent of modernization within agriculture is low.

In 1981 production team's fixed assets averaged out at around 100 yuan per person living and working on the land, of which only 1 percent was within industry. The amount of land which could ensure high yields despite drought or flooding only measured 340,000,000 mu. Land with poor production totaled one-third of the total cultivated land area in China and the average level of production per mu of grain and economic crops was neither high nor stable, while the agricultural labor production rate was very low. In 1981 every able-bodied person working in agriculture supplied only 560 yuan of production value and supplied only 2,000 jin of grain, these figures are only 1.3 percent of the same figures in the United States and 4.9 percent of those of France, and 44.1 percent of Japan's. The proportion of grain products only stands at around 15 percent. With restrictions on land usage and an ever-increasing population, the conflict between population and land space is becoming increasingly evident.

Although in the last 30 years total agricultural production value in China has tripled, 80 percent of the population is still working on the land, and the growth in agricultural production has by no means caught up with the demands of the developed national economy. China's agricultural industry is still not up to standard. The needs of industry and the entire national economy in terms of agricultural products increase nonstop, but the production level within agriculture cannot catch up with these demands and this conflict is one which is present today and will continue to exist for some time. We want to try to triple the total production value of both industry and agriculture. To achieve this plan we must place agriculture in a position of primary importance.

At present, agricultural products make up 68.5 percent of the production value of light industry in terms of raw materials production value, while the production value of light industry as a whole represents one-half of the nation's entire industrial production value. If the present division of raw materials expenditure in light industry does not change and if the production value of light industry doubles, then the provision of agricultural raw materials to light industry must also double, bringing it from the present 100 billion yuan to 250 billion yuan, and a tripling of the production value would bring the figure up to 500 billion yuan. Hence, without the development and strengthening of agriculture, this weak link in the chain, it is impossible to ensure supplies for the development of light industry as a whole. Thus, in terms of development, there is a need for a reduction in the amount of raw materials being drawn by light industry from agriculture, although such a reduction must not take place too quickly. So, in some areas, such as the foodstuffs industry, there will be a continued rising trend in demand on agriculture, heavy industry, the national economy and other areas as well as the standard of living, in their continued rises in standards, will also increase their demands on agriculture, and the continuous growth in population may not be forgotten either. Thus, speeding up the development of agriculture must naturally be seen as one of the key points in economic development from now on. If agriculture flourishes, everything else flourished too; contrariwise, without development in agriculture, development in all other areas becomes difficult. So, with the aim of consolidating and improving production responsibility within agriculture, we must thoroughly improve agricultural production conditions and scientific farming methods and develop the administration of grain and other crop production. All of this is closely connected to our basic aim of prosperity throughout the entire national economy.

Energy and communications are two of the most important material production sectors of China's national economy. Energy production supplies all sectors of the national economy with fuel and power while communications may be seen as the "forerunner of modern industry," ("Selected Works of Marx and Engels," Vol 2 p 73) as well as an increasingly important artery under the conditions of socialist large-scale production. Both of them have two basic characteristics, one being their inherent basis within the material production sectors. Both business and households are dependent on them and requirements on energy and communications by all sectors, as well as everyday life, increase in line with the development of the modernization program. Prioritized growth and development of both, within certain limits, are objective demands put on them by modern large-scale production. The other characteristic is that the initial development of energy and the construction of large- and medium-scale communications and transportation programs involve large investments, long-term periods of construction and slow revenues. A coal mine, oil rig or railway line all require investment of yuan within the 9 or 10 figure range, while construction programs may be expected to last for from 5 to 8 years or even more. This means that with an investment today, we have to wait around 8 years to reap any profits. Initial development for coal and oil, as well as some rail or waterway communication construction programs, can be either very straightforward or extremely complex, and there exists of present the whole gamut of production conditions from the very good to the extremely bad. In addition, simple extended production often requires vast financial investment. This situation requires our careful study, and with long-term strategies in mind, we must plan in advance and carry out planned developmental construction.

Since liberation, energy production, communications and transport construction programs have developed relatively fast, but because the demands of the entire national economy and other sectors have grown even faster and because of serious wastage, energy and communications have fallen far behind the developing demands of the national economy, producing a serious conflict within China's economic construction program. According to initial statistics, China at present lacks around 10 million tons of standard coal annually and more than 10 million kilowatts of electric generator installations. Because of these shortages of electricity and coal, about one-fourth of the equipment capacity of the amassed production areas of China's industry cannot be fully exploited in the long term, meaning that many important industries are forced to go slow, losing an annual 70-80 billion yuan of production value and around 20-30 billion yuan of revenue. Because of oil and electricity shortages in villages, many agricultural machines are forced to stand idle. Thus, energy, communications and transportation have shown themselves to be weak links in the chain. China's present railway system and service is not even one-sixth of that in the United States and not one-half of that in the USSR. The quantity of transported goods has risen much more than transportation capacity. If one compares 1981 with 1957, the quantity of goods transported by rail has increased nearly 4 times, while the railway system has only been extended by 88 percent. The number of trunk railways lines has only increased slightly to around 20 and transportation capacity, the real bottleneck, is only able to fulfill between 50 and 70 percent

of the demand. Hence, the materials are unable to reach a great many industrial estates and finished products sit stranded in the factories. In terms of water transportation, loading and unloading facilities are very poor, leaving foreign vessels stranded in port for long periods of time and resulting in the loss of millions of dollars. Passenger transportation also has its problems, with extreme overloading a big problem and an aggravation to everyone. As the Chinese proverb says, everything should be organized in the correct order, and the organization of shipping, transportation, electric power and fuel must come first. If energy and communications are not made strategic focal points, then production development will slow down, product distribution will suffer and without the realization of such strategic aims, reliable insurance and guarantees cannot be made.

Science and technology are the key in the realization of the four Modernizations. Countless facts clearly illustrate that if we want to raise the level of our economy and culture, then we cannot rely solely on extended large-scale production. More important is to rely on intended large-scale production and the development of science and technology. Science and technology are becoming more and more a direct productive force, and not only do they directly influence the developmental speed of industrial and agricultural production, moreover, they influence and dictate the proportional structure of the economy as well as the profitability of the economy. Why does China have a high level of consumption and low profits? Why are there irrationalities within the structure of enterprises and production? In very broad terms it is because of the low level of science and technology and administration. If we can put China's scientific and technological achievements onto a new high level, then production, consumption and profits will also reach new heights. China's present energy consumption is the same as Japan's, but China's total production value is only one-fourth that of Japan. In other words, if we can raise the level of technology, reduce consumption, improve the economic structure, but without having to increase energy production, then industrial production value could more than double. Total consumption in China of steel, chemicals and electricity, and their associated products is one-third to one-half higher than in industrially advanced countries. If we were able to reach a level similar to that abroad, we would be able to save around 70 million tons of coal a year. If, on the other hand, we wanted to increase production capacity by a similar 70 million tons of coal a year, it would involve an investment of several billion yuan and we would see no visible results for at least 5 to 7 years. Because of the backwardness of China's science and technology as well as its education, our actual losses are extremely high, while at the same time, our potential is enormous. If we can realize our strategic goals, then we can lessen the gap between China and industrially advanced nations. We must get a hold on science and technology, the key to the whole matter, popularize modern science throughout the country and generally raise the level of science and technology in China. It is not wrong to despise science and technology and to underestimate one's own capabilities. The Chinese are by no means stupid. We have a rich and talented people and, hence, we have the capability to increase and broaden the scale of our science and technology. If we want to raise the level of science and technology

in China, then we must also get a grasp on education, foster new talents and actively strive to raise the level of education and scientific and technological knowledge in the masses.

The above-mentioned three areas are all interrelated and mutually influencing and together they condition and decide the development of long-term strategies for China's present national economy. If we solve these problems on the basis of an integrated balance, we can without doubt promote relatively speedy growth in the production of consumer products, as well as helping the development of industry and other areas of productive construction, thereby ensuring improvements in the daily life of the people.

If we get a good hold on strategic focal points, does this mean that we can ignore the development of other areas? Of course not. Concentration on strategic focal points is an objective necessity and is vital for raising the level of the composite balance within the national economy. We cannot deviate from this principle of composite equilibrium or balance. There exists mutual influence between the various sectors of the national economy and the various sectors of the above-mentioned focal points. For not only do the important central focal points influence other areas, these other areas also influence the important strategic focal points. For example, when we tackle agriculture and modernize all aspects of agriculture, we cannot divorce it from the support of industry. When tackling energy and communications, we cannot separate them from the support of heavy industries such as machinery, chemicals, electrical and others, nor the support of agriculture and light industry. Science and technology and cultural education cannot develop independently. They can only develop smoothly on the basis of developed agriculture and industry and under conditions in which there is an ample supply of finance and material resources. Hence, with the exception of agriculture, these strategic focal points supply us with intermediate products and all help toward the attainment of better and more end products, and the profits and advantages of such strategic focal points can only be seen through the achievement of these end products. Furthermore, there is a big difference between the intimacy of the relations between the various sectors of the national economy and the various sectors of the above-mentioned strategic focal points. For example, some sectors directly influence the development of agriculture, while others do not have such a direct influence. Some areas and enterprises suffer from considerable energy shortages and communications problems, while others do not experience such shortages and problems. In those areas and enterprises which do not suffer these shortages, production development is the main deciding factor in the quality of their own work. Hence, when we get to grips with these strategic focal points we can by no means disregard the development of other areas. Likewise, the strategic focal points condition the coordination and development of these other sectors.

In order to achieve the strategic goals set up by the party center and to get to grips with these focal points, we must introduce a series of concrete measures. At present the most important tasks are to properly organize and handle relations on a national, regional and enterprise scale. In addition, we must consolidate our funds and use them in the construction of these strategic aims. China is a large country with a large number of affairs to be handled, hence if we do not allocate our consolidated funds to the most important areas, it will be very



difficult to carry out the important and necessary affairs of the country. We must encourage the regional, enterprise and enterprise investment of funds, and the most vital and important national construction programs and, hence, we must advocate the principle of putting national and general interests first. Some comrades say "We have centralized everything and now we want to decentralize and concentrate everything again. Isn't that going to ruin everything again?" Quite wrongheaded. The centralization of funds for important construction programs and the attainment of a strategic equilibrium in the national economy will stabilize the economy. On the other hand, widespread and loose distribution and allocation of funds for various pointless repeated construction programs will cause considerable damage. Of course, in the process of centralizing the necessary funds, we must be aware of the needs, profits and vitality of every region and all enterprises. Tackling these strategic focal points is extremely tedious and complex and demands that we make detailed and penetrating investigations and studies, that we get a full all-round look at the facts and start development on a gradual, planned footing, with ample organization and planning and with principles based on objective reality. Some projects will not bring in money, but there are others which will cost little or nothing and, yes, they must be brought to the forefront. For example, there are some scientific research programs underway that have already achieved successful results. In these cases, all that is to be done is to promote and propagate the results and their uses (which naturally costs money, but not that much) to achieve long-term education and considerable savings in various sectors. In the case of fundamental research projects, it is important that the economic viability of the investment be thoroughly examined as well as the possibilities of raising quality, reducing work time and various other aspects of the investment. In the design construction of concrete projects, everything must be carried out strictly according to construction procedures. The question of how we can reduce costs and take the strategic focal points requires detailed analysis of the various specific characteristics. In general, as long as we really come to understand and master the spirit of the 12th major party report, to struggle with and defeat all kinds of false arguments, then the great thing printed on our banner, that we will have a centralized committee can, without doubt, be realized.

1988: 1006/12

## NATIONAL POLICY AND ISSUES

### 'JINGJI GUANLI' ON IMPROVING ECONOMIC RESULTS

HK210616 Beijing JINGJI GUANLI in Chinese No 7, 15 Jul 82 pp 10-13

[Article by Shen Yue [3088 6390]: "Strive To Improve Economic Results To Achieve a Realistic Speed"]

[Text] In order to improve economic results, the relationship between speed and benefit must be properly handled. Of course, while speed is an important measure for evaluating economic results, it sometimes cannot comprehensively reflect these results. With regard to economic construction in our country, during the period of the First 5-Year Plan, economic results were quite in agreement with the speed of development, and therefore the achievement of economic construction was prominent. During the periods of the 3 years of the "Great Leap Forward" and 10 years of "Cultural Revolution," economic results deviated from the speed of development, with the result that productivity was hampered and economic construction sustained a great loss--this is indeed a bitter experience. From now on, we must resolutely oppose those "leftist" measures which are both unrealistic and impractical and which strive blindly for high speed and high targets. On the other hand, that speed which can be attained with efforts should be realized by all means. Only that speed which can improve economic results continuously can be called a realistic speed. In the period of national economic readjustment, we should not only maintain a certain development speed, but also strive to improve economic results; this is the key for our national economy to proceed in a beneficial cycle. Therefore, it is an important strategic problem to associate speed with economic results.

We should cherish a sense of urgency toward the problem of improving economic results. In the readjustment of the national economy, if we want to ensure economic stability and to strive for a fundamental improvement in the financial and economic situation, the most effective way is to enhance economic results in the fields of production, construction and circulation.

Liaoning's industry accounts for a very great proportion of the province's whole economy. The profits and revenue derived from industry amount to 90 percent of the total for this province. If the total industrial output value increases by 1 percent, the financial income of the province will increase by over 180 million yuan. The economic results of industrial production have a direct impact on the province's economic development, financial income and the improvement of the people's standard of living.

Since the founding of new China, certain material and technological foundations for our province's industry have been laid down, with the establishment of an industrial base which, with the steel industry as the core, comprises rather complete departments such as machinery, nonferrous metals, petroleum, chemistry, electric power, coal, light industry and others. From 1952-80, our province's industry and enterprises furnished the state with profits and revenue (excluding depreciation) totaling 135.5 billion yuan, which was 3.1 times the amount of industrial investment provided by the state in the same period. The 10 big enterprises (4 steel plants and 6 oil refineries), whose profits and revenue amounted to 40 percent of the total in our province's industry, provided to the state 56.4 billion yuan, which was 5.2 times the amount of investment by the state in the same period. These economic results of our province's industry and enterprises, which were attained with the assistance of other regions of the country, should be fully affirmed. However, the phenomenon of extravagance is still rather grave in the fields of production, construction and circulation. Economic results are still far from ideal. On the one hand, the results are below the highest level in history; on the other, they are rather backward when compared with advanced regions. With regard to our province's industry and enterprises, the potential for increasing production and practicing economy and for raising income and reducing expenditure is very great. It shows itself in the following eight aspects:

1) The effect of utilizing the fixed assets has decreased. In 1980, industrial output value realized per 100-yuan fixed capital was 105 yuan, which was 7 percent lower than the figure of 113 yuan in 1975. If the rate of utilization for fixed capital can recover the level in 1975, output value will be increased by 3 billion yuan per year. 2) Labor productivity has decreased. In 1980, each person in our province's industry and enterprises created an output value of 13,900 yuan, which was 1.4 percent lower than the figure in 1979, and 3.2 percent lower than in 1975. 3) Material consumption tends to be high. In 1989, among the key enterprises of our province, with regard to the rate of consumption for 50 principal material items, 22 items were higher in consumption rate compared with 1979, and 42 items did not recover the best standard in history. From January to August 1981, with regard to the rate of consumption for 24 principal material items, two-thirds of the items registered an increase in net consumption as compared with the same period last year. 4) Product quality is poor. In 1981, 1,140 kinds of comparable principal products were checked for quality throughout the province. Among them, 876 kinds of products succeeded in steadily rising in quality, or 76.8 percent of the total; 264 kinds of products had their quality lowered, or 23.2 percent of the total. In light and textile industries, there were very few brand name products, which was a very poor performance when compared with other provinces and cities such as Shanghai and Jiangsu. 5) The cost of production has risen. Since the period of "May 19" in our province, the phenomenon of overspending has continued for 4 successive years, and the amount of overspending reached 1.34 percent in 1981. Among the unit costs for 100 kinds of principal industrial products, one-half of them registered a rise in 1980 as compared with the previous year, and two-thirds did not reach the best standards in history. 6) Profits and revenue have decreased, and the rate of loss for enterprises has increased. In 1965, the



profits and revenue created by every 100 yuan of capital amounted to 24.6 yuan, while in 1980, the figure was reduced to 18.99 yuan. If this figure reached the 1965 level, then profits and revenue would provide an additional amount of 2.9 billion yuan. 7) The circulation of floating capital is slow. In 1965, the floating capital utilized for every 100 yuan of output value in our province averaged 18.6 yuan, while in 1980, the figure reached 31.4 yuan. If this figure reached the 1965 level, then 5.6 billion yuan of capital would be saved each year. 8) The economic results of investment in capital construction are poor; building costs are high, quality is poor, and the construction period is long. During the "First Five-Year Plan" period, small projects were usually completed within a single year, but now they need 2 to 3 years to complete; for those large- and medium-scale projects, such as coal mines, about 5 years were needed in the past, but now they need 7 to 8 years, and some even more than 10 years.

The situation in the above eight areas shows that, compared with the advanced levels of the past, economic results in our province's industries and enterprises show a downward trend. There is also a big difference between the cities and regions and between different enterprises in our province. Take the textile industry for instance. Economic results in Dalian are poorer than those in Shanghai, and about the same as Jiangsu, which has an annual output value profit rate of 18.5 yuan, while the average figure for the whole province is 14.69 yuan, but only 5.79 yuan in Fuxin City whose conditions are fairly good.

The economic results of the industries and enterprises in our province, compared with the advanced region of Shanghai, lag even further behind. The labor productivity of the industries and enterprises in Shanghai is 1.1 times higher than that of our province; the output value realized by fixed capital per 100 yuan is 1.8 times higher than that of our province; the profits and revenue provided by every 100 yuan of capital is 1.9 times higher than that of our province; the floating capital used for every 100 yuan of output value is 45 percent less than that of our province; floating capital circulates 5 times per year in Shanghai, but only 3 times in our province; in terms of the output value created by every 10,000 tons of energy, Shanghai's figures are 1.6 times higher than those of our province; the steel consumed in every 100 million yuan of industrial output value is 30 percent less than that of our province; among the 40 kinds of comparable principal products of our province, the costs of 32 of them are higher than those of Shanghai. Of course, the economic structure, the production structure and the technological structure of our province are not the same as those of Shanghai, and there are factors that are not comparable. But it cannot be denied that, in comparison with Shanghai, it is obvious that our standards of operation, management, and production technology are relatively low, waste is great, and economic results are poor.

With regard to poor economic results, there are both subjective and objective causes, and there also exist problems concerning the macroeconomy as well as the microeconomy. But we should concentrate mainly on discovering the subjective causes.

## Ways and Means of Improving Economic Results in the Future

First of all, the broad masses of cadres and people must be made to raise their understanding of the need to improve economic results, and to attach prime importance to the improvement of economic results in both the macroeconomy and the microeconomy. From now on, when assessing industrial production, emphasis must be placed on overall economic results. Instead of considering only output value and quantity, emphasis must also be placed on the amount of increase in the national income, the profits and revenue provided for the state, the quality and marketability of products, the amount of reduction in material consumption, the profit rate compared with investments and costs, labor productivity, and so on and so forth. Strict and comprehensive evaluations must be carried out.

On the basis of enhancing ideology and understanding, the following aspects of work must be handled well:

First, we must further readjust proportional relations, and rationalize the structure of industries, products and technology. We must continue to do our utmost to increase the production of daily consumer goods. At the same time, we must make heavy industry more dynamic. Improvement in Liaoning's industry depends to a great extent on heavy industry. If the output value of heavy industry decreases by one percent, then light industry must increase its output value by two percent to compensate for the loss. The financial income of our province also depends on heavy industry: for instance, heavy industry produces 85 percent of our province's total profits from industry. Of course, in boosting heavy industry we must not follow the old path of pushing aside agriculture and light industry, but should follow the path of developing agriculture and light and heavy industries in coordination. Since the beginning of this year, production levels in heavy industry have begun to rise. This is a healthy and good situation, and is the initial result of the readjustment in the national economy over the past two years. In light industry as well as in heavy industry, the increase in production should be based on improving quality, increasing variety, reducing costs, and adapting to consumer demand. Economic gains can be realized only by producing economical and good products with high quality and good sales potential. Production of "short-term" products should be stepped up, while production of "long-term" goods should be resolutely reduced.

Great efforts should be made to reform the structure of products. The irrational structure of the products in our province primarily shows itself in the "three mores and three lesses": ordinary products are more, while medium and high quality products are less; roughly processed goods are more, while finely finished goods are less. Take the metallurgical industry for example. Tin plate, enameled sheeting and thin band steel needed by light industry have to be imported; as for products such as cold-rolled transformer silicon sheets and petroleum drill pipes, not enough is produced, and the quality is not up to standard. In the machine building industry, production of some products is not operated at full capacity, while the production quotas for many heavy-duty, precision and high-efficiency equipment and apparatus cannot be fulfilled. In the chemical industry, for many years attention has been paid only to the development of inorganic chemical materials, but the production of finer chemical

products which are high in quality and produce large profits (including daily chemical products) is very small. In 1981, the chemical industrial products exported by our province amounted to 1,310,000 tons, consisting of 65 types, of which 1,309,000 tons, of 62 types, were primary products. Because the primary products produced by our province's various industrial departments (including the light textile industry) are great in quantity compared with medium and high grade products, despite the fact that the fixed assets (original value) of our province amount to twice as much as those of Shanghai, and the floating capital used is 30 percent higher than that of Shanghai, yet the total industrial output value created and the profits and revenue realized by Shanghai are 37 and 66 percent higher than ours respectively. Therefore, during the current intensive readjustment of the national economy, while readjusting the economic structure, we must vigorously reform the structure of products, so as to change the situation of the three mores and three lesses."

Overall balance must be strengthened, so as to avoid repetitive and aimless construction. Because of the increase of capital outside the budget, over 1,500 new enterprises were set up in 1980 in our province, and over 500 more were set up during the first 10 months of 1981 (these were for the most part commune-run or district-run enterprises). This led to wastage of capital and a decrease in economic results. From now on, all new items should be approved by planning committees at various levels which must pay serious attention to overall balance. Those units which are set up without approval should be denied rights to obtain raw materials, power, or credit facilities, and their taxes should never be reduced or annulled.

Second, the tasks of technological transformation and the renewal of equipment should have energy-saving as their central point and should be dealt with seriously and with proper planning and emphasis. The current technological transformation should solve three problems in particular. The first problem is the rational utilization of depreciation funds. These funds must be used for technological transformation and the renewal of equipment. At present, some enterprises misuse the renewal and transformation funds and the overhaul fund for other purposes such as welfare, which is wrong. The second problem is to develop the manufacture of renewal equipment. The machine building industry, on the basis of making a success of its own technological transformation, should actively design and produce mechanical equipment with a rational structure, advanced technology and high economic efficiency, so as to provide sophisticated technological equipment for the technological transformation of the industries and enterprises in our province. Energy-saving should be set as the key target, and mechanical and electrical products with energy-saving features should be developed vigorously. At present, the engineering bureau of our province has developed 54 kinds of high-efficiency energy-saving equipment which should be popularized in a well-planned way. The third problem is to combine technological transformation with the dissemination of the advanced experiences of our country and with the introduction of advanced technology from overseas; the existing advanced technology of our country should be well organized to facilitate the technological transformation of old enterprises. In using advanced technology and equipment from abroad, priority should be given to the technological transformation of old enterprises. In all the links of the production chain, new technology, new processes and new designs should be adopted, so as to boost the technology in our province's industrial production to a new level.

Third, overall utilization should be conducted well. In terms of comprehensive utilization, finish machining and precision work, the petrochemical industry possesses the greatest potential. The petrol processing capacity of our province reaches 25,000,000 tons, more than one-third of the country's total. The output value of the petrochemical industry amounts to one-fifth of the total industrial output value of our province, and the profits and revenue provided account for 35 percent of the financial income of the province. However, the level of the comprehensive utilization of resources is low, the potential is great, and waste is serious. If the secondary processing of oil refining can be perfected, intensified processing and the quality of oil products improved, and measures taken for the overall utilization of oil refinery gas and aromatic hydrocarbon, economic results will be remarkable. If our province's heavy industry is to develop quickly, the petrochemical field is an important breakthrough point, and also an important financial source.

The energy consumption of our province accounts for one-tenth of the total of our country. The surplus heat created every year is equal to 3,500,000 tons of standard coal, the combustible industrial gas that may be recovered for use is equal to 1,500,000 tons of standard coal, and the centrally distributed coal mines dispose of 4,500,000 tons of combustible waste rock every year. If these abundant surplus heat resources and low-quality fuel can be fully utilized, the strained energy supply situation of our province can be greatly ameliorated. The coking capacity of our province is very great, and every year 400,000 tons of tar is produced as a by-product, amounting to one-fourth of the country's total. Of this quantity, 100,000 tons of tar is not normally processed, and 300,000 tons of tar is only roughly processed, resulting in very low economic results. West Germany can extract over 400 varieties of coking products from tar, whereas our country can extract only 46 varieties; some foreign countries can obtain a net profit of 336 yuan from one ton of coking products, whereas our country can obtain only 44 yuan. If by-product tar can be fully utilized, then large quantities of valuable materials can be supplied to various industries such as chemical, printing and dyeing, light, farm chemical and pharmaceutical industries. Every year, the metallurgical industry disposes of 0.16 billion tons of waste residue, which is excellent material for producing cement, bricks, tiles and new types of wall-building materials. Our province also possessed great quantities of processing timber, and the surplus timber which can be provided for comprehensive utilization amounts to 410,000 cubic feet. The total waste water, gas and liquid discharged by the whole industry contains a large quantity of grease, acid, alkali, adhesive and various kind of metallic elements. If these "three waste products" are left unused, they will pollute the environment and do harm to the people; if they are utilized, they can be changed into valuable commodities and benefit the people. From the above, it can be seen that Liaoning has very favorable conditions for carrying out the comprehensive utilization of materials, and for developing production intensively and extensively. This is an important way of improving economic results. Leadership must be strengthened in this field and projects must be well planned.

Fourth, we must continue to carry out properly the integration and restructuring of enterprises, and the level of specialized cooperation should be improved. In the machine building industry of our province, "all-purpose factories" amount

to about 60 percent. The production of our main engines and machines is still at the stage of one factory producing a complete piece of equipment. But in foreign countries, the vast majority of factories are adopting an assembly format, concentrating the semifinishing of components (casting, forging, and others) and certain types of processing (electroplating, spray-painting, heat treatment, and others) and organizing specialized production. In America, the level of specialization in the 6 main mechanical processing techniques reached 85-93 percent in 1967. In Japan, the level of specialization in the casting process reached 84 percent in 1970. With regard to the machine building industry of our province, almost every factory has its own technological equipment for small casting pieces, small steel pieces, forging and surface heat treatment. The level of specialization is low, and cooperation and the division of labor are poor. Over the last few years, a lot of work has been done in reorganization and integration work in industry, and in organizing specialized cooperative production. At present, for those companies, principal factories and combined economic units already organized in our province, the output value totals 17.74 billion yuan, and the profits provided for the state total 2.3 billion yuan, accounting for 39 percent and 57 percent respectively of the totals in our province. Still, efforts should be made to overcome obstacles, to break through the barriers between regions and departments, and to follow the road taken by Gaoqiao of Shanghai and the petrochemical alliance of Fushun, so as to enhance productivity. Those enterprises which engage in repetitive production, turn out poor quality, unmarketable products high in energy consumption, and which sustain losses over a long period of time, must definitely be closed, suspended, integrated into more advanced units, or converted. In the supply of energy resources and raw materials, preference should be given to the better factories, otherwise no overall initiative will be gained.

Fifth, effective reorganization of existing enterprises is the most realistic way to mobilize initiative and to improve economic results. We should achieve potential, demand results and gain speed in the course of reorganizing the enterprises. Last year, the provincial authorities grasped the work of reorganization for 32 enterprises, and their economic results all show varying degrees of improvement. Since the beginning of this year, according to statistics for the first batch of 85 key factories to be reorganized, the total industrial output value for the period of January to April was shown an increase of 6.75 percent compared with the same period last year; although this figure is lower than the level of increase of 8.2 percent for the province's total industrial output value, the profits provided for the state increased by 13 percent, nearly twice as much as the increase of 6.8 percent for the province; the general cost of comparable products in the province was 1.07 percent in excess of the budget, whereas the reorganized enterprises attained a decrease of 1.06 percent.

In order to reorganize enterprises properly, the first thing to do is to have all-round planning and unified distribution, to combine general work with specific experience with the latter taking the lead, and to ensure the practical implementation of tasks. Enterprises should not hesitate to conduct reorganization according to the spirit of the decisions of the CPC and the State Council, and the results of this reorganization should be checked at different stages



before acceptance by the leading bodies. Second, reorganization work should be integrated with the work of readjustment and restructuring. Third, the comprehensive reorganization of enterprises should be combined with the construction of the basic party organization. This should be regarded as an important task and be conducted in a well-planned way. Fourth, this work should have the aim of improving economic results and of achieving a certain speed of development. Through comprehensive reorganization, all enterprises should gradually establish a system of leadership both democratic and centralized, a team of staff and workers both red and expert, and a set of management systems both scientific and civilized, with the aim of creating more "six-good" enterprises. While enterprises are being reorganized, the work of administrative departments should also be reorganized and strengthened.

Sixth, political and ideological work should be strengthened, and activity to learn from the advanced, with improving economic results as its focal point, should be developed extensively and intensively. First of all, slackness and weakness among leading groups must be overcome. These groups should adhere to principles, dare to manage and supervise, and struggle courageously against evil tendencies and actions. Important economic crimes, especially those involving leading cadres, must be seriously dealt with, and no connivance should be practiced. Revolutionary spirit should be enhanced. Political and ideological work should be closely combined with economic work. Among the broad masses of cadres and people, education in improving economic results should be extensively conducted in conjunction with propaganda concerning the current situation and tasks. Competition in labor should be conducted in a down-to-earth way; workers should compare with, learn from, catch up with, help and surpass each other, so that every unit and individual can strive to create the best factory and the best products and to do the best job. A sense of responsibility as the country's masters should be fostered among the staff and workers. Education in the "five stresses and four beauties" should be carried out, so that spiritual civilization can be built well. Also the activities of the "three loves, being masters, making new achievements and establishing new styles" which have proved effective in our province should be popularized.

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## NATIONAL POLICY AND ISSUES

### 'RENMIN RIBAO' REPORTS ON ENTERPRISE MANAGEMENT

HK150821 Beijing RENMIN RIBAO in Chinese 11 Oct 82 p 5

[Article by Li Min [2621 2404]: "Raise Levels of Operation and Management in Enterprises"]

[Text] In the wake of the readjustment of the economic structure and the gradual restructuring of the economic system, the supply of industrial goods, and of consumer goods in particular, have gradually increased in our market, and the beginning of a change from a "sellers' market" to a "buyers' market" have already appeared. The broad masses of consumers have turned from "rush purchase" to "selective purchase" and even "saving their money to buy better things." Many commodities which used to be in great demand have become unmarketable. As for certain commodities which can only be purchased with coupons, the phenomenon of famous brand goods running out of stock and inferior brand goods becoming unmarketable has also appeared. To enterprises, this acts as a kind of pressure as well as a kind of motive force spurring their advance. Under this kind of market condition, if industrial enterprises want to increase economic returns, they must strive to improve operation [jingying 4842 3602] and management [guanli 4619 3810] and enhance their ability to adapt to market changes. In other words, enterprises must promptly make a flexible response to deal with changes in people's needs as well as market supply and demand and keep on supplying marketable products that are good in quality and cheap in price to satisfy the needs of the people for consumer goods. Only this kind of enterprise can make proper contributions to socialist modernization. Such enterprises can achieve economic benefits not only for society but also for themselves.

In the past, our industrial enterprises were fettered by an irrational economic system. Plans were monopolized, materials were subject to unified allocation and transfer, products were subject to unified purchasing and exclusive marketing and financial income and expenditure were kept under unified control. Enterprises could ignore operation, concentrate only on internal management and mechanically fulfill the output quotas handed down by a higher level. There was no need for them to bother about whether the products were marketable or not. This kind of enterprise management which paid no attention to operation was one-sided. They only "paid attention to the warehouses" but not to consumers demand or changes in the market, and basically had no ability to adapt themselves to market changes. In the gradual change from a "sellers'

market" to a "buyers' market," if our industrial enterprises still fail to pay close attention to operation and still fail to raise their own operation and management level but instead continue to take the former path of "leaving things as they were" they will definitely get nowhere. The industrial enterprises needed by the state and the people are those that can bring material benefit to the people and can continue to satisfy the growing and constantly changing needs of the people for consumer goods. If enterprises do not have this kind of ability, their existence will lose its value.

Enterprise operation and enterprise management belong to two economic categories that are distinctive but also interrelated. An enterprise is the basic unit of the national economy and a cell in the organism of the whole national economy. It has unseverable ties with the whole national economy, such as those between the enterprise and the people, the enterprise and the state and the enterprise and other enterprises. The correct handling of these "external relations" of an enterprise is the task of enterprise operation. At the same time, the enterprise also has very complex internal relations, such as the relations between people, the relations between people and things and the relations between things within the enterprise. The correct handling of these internal relations of an enterprise is the task of enterprise management. The external ties and internal relations of an enterprise are closely related. Therefore, the operation and management of an enterprise are also closely connected. Recently, some people have suggested changing our industrial enterprises from the "production type" into the "production operation type." Although this kind of suggestion is not absolutely precise, it nevertheless reflects a change in the mentality of the people: they want to change our enterprises from simply paying close attention to management within the enterprise to paying all-round attention to operation and management. In concrete terms, "production type" means the backward management practice of not paying attention to operation and not giving play to the function of operation in the enterprise and "paying attention to the warehouses and turning the back on the market," as in the former system; whereas, "production operation type" means taking economic results as the key link, following the principle of "production based on needs" and "meeting changes with changes" of the new system. Guided by the principles of correct operation, we must give play to the function of operation in the enterprise making a success of the work of various areas of operation such as investigation, forecasting, policy decisions, purchasing, marketing, cooperation, propaganda and service. At the same time, we must bring about an all-round improvement in various internal management jobs of the enterprise, so that the functions of operation and management will be in complete harmony. By means of all these things, we will be able to increase the ability of the enterprises to adapt to market changes, so that it will be in an invincible position in the developmental process of the socialist "buyers' market" and will make positive contribution toward achieving the goals of socialist production.

What then are the links we should pay close attention to in order to strengthen the operation and management of an enterprise so that it can enhance its ability to adapt to market changes and increase economic returns? As the first step we should concentrate on the following aspects:



1. We must strengthen the management of market investigation, forecasting and information, so that the enterprise will be able to make flexible responses in its production. Not having ready access to external information and not having internal information at the right time are fatal weakness in the operation and management of our industrial enterprises. To have ready access to external information, the enterprise must set up a sound technological and economic intelligence system, strengthen market investigation and forecasting and extensively and thoroughly acquaint itself with the needs of the market and consumers, and the trend of their developments and changes. In particular, we must organize the management personnel and the engineering and technical personnel of the enterprise to go out and make investigations and to directly acquaint themselves with the purchasing power of consumers and users and the demands of society. If they have a good grasp of first hand information, they will be able to design and produce more products in keeping with the demands of society. In this way, the enterprise will have more ability to adapt to market changes. Information inside the enterprise must also be readily available. If the leading members of the enterprise have a clear picture of the trend of economic activities in their own enterprise, they will know what they are talking about and exercise highly competent command in a changeable market situation.

2. We must strengthen planning management so that the enterprise will have the ability to adapt to all market changes. At present many of our enterprises, especially medium-sized and small enterprises do not have a sound operation and management system. The operation and management of these enterprises are divorced from each other and all functional departments carry out work in their own way and cannot be formed into a "fist." Therefore, proceeding from the situation of the enterprise as a whole, we must set up and perfect an overall planning department for the enterprise and strengthen planning management. Based on the state plan, market forecast and the conditions of production and technique of the enterprise itself, we must study and formulate strategic programs and implementation plans with the ability to adapt to market changes, bring together operation and management of the enterprise and unify the actions of various functional departments, workshops and work teams down to all personnel in the enterprise.

3. We must strengthen technical work and technical management so that the enterprise will have the technical ability to deal with contingencies. The enterprise must continue to raise product quality, increase the variety of colors and designs, improve product performance and style and speed up the replacement of old products with new products in order to satisfy the changing needs of the market. This cannot be done without a truly proficient technical force and a sound technical management system. The enterprise must strengthen its designing and technological forces, and based on the principle of the "product's life expectancy curve," it must constantly turn out new products, improve old products and build ample technical reserves. It must as far as possible make technical and technological documents more standard and uniform and the spare parts interchangeable and standardized to correspond with the needs of the rapidly changing variety of designs and patterns. At the same time, it must also concentrate on the adoption of new techniques, technologies and materials suited to the enterprise itself, implement the principle of overall quality

control and continue its effort to create good quality brand products. In particular, it must energetically strengthen technical training to raise the technical level of all its personnel. In recent years, because of the retirement of old workers and the arrangements for the placement of children of workers waiting for employment, many enterprises have taken in large numbers of new workers and there has been a marked decline in the technical level. Not only are there difficulties in putting new products into production, but also minor changes in the variety of colors and designs cannot be quickly carried out. Therefore, it is very necessary to strengthen technical training to raise the technical level of all personnel.

4. We must strengthen quota management and maintain advanced and rational quotas so that the enterprise will have the ability to meet contingencies and to compete. Quota management is vital to an enterprise. Among various quotas, the labor quota is particularly important. It is the principle for fixing labor capacity and organizing production as well as the basis for distribution. Labor quota is the criterion for the amount of labor expended in the production of a specific product or the completion of a specific task under specific conditions of production techniques and production organization. An enterprise must maintain advanced rational quotas before it has the ability to compete. What is an advanced rational quota? Being advanced means determining quotas in terms of quantity, and being rational means determining their quality. Being advanced means using less working time than the amount of labor time essential to society. Theoretically speaking, the shorter the working time expended in producing a specific product or completing a specific task compared with the labor time essential to society, the more advanced the quota. However, in reality the quota level must be restricted by the specific conditions of production techniques and production organization. Being rational means taking more rational use of the existing labor organization and methods of equipment usage and operation under the specific conditions of production techniques and production organization. Being rational is the basis for being advanced. All enterprises must keep on improving the conditions of production technique and production organization, actively develop activities to make the organization of labor and the use and operation of equipment more rational and strive to overtake and surpass the advanced level of the district, the whole country and even the world before they have a greater ability to compete and achieve better economic returns.

5. We must strengthen economic accounting so that the enterprise will have the ability to calculate, forecast, supervise and control economic returns. The enterprise must carry out all-round economic accounting, thoroughly change the practice of simply "settling accounts after the event," take the initiative in analyzing, forecasting and controlling economic activities and economic returns, continue to seek out weak links, and study ways and means of saving materials, improving efficiency, lowering costs and increasing economic returns. It must carry out careful calculations and strict budgeting, and keep on improving and raising the level of its operation and management.

5. We must keep on perfecting the economic responsibility system and strengthen political and ideological work so that the enterprise will have the power to deal with contingencies. Constantly perfecting the economic responsibility system in the enterprise and integrating the economic responsibility system with economic returns, or taking economic returns as the key link and integrating responsibility, authority and benefit so that the economic achievements of the enterprise and its workers will be linked to economic returns, will impel the enterprise and the workers to take an interest in economic returns, market changes and product marketability. This is an important motive force that will enable the enterprise to adapt to market changes. However, the correct implementation of the economic responsibility system must be guaranteed by realistic and effective political and ideological work. Practice has proved that the close integration of political and ideological work with economic work is a vital link in raising economic returns.

In conclusion, we must also point out that to raise the level of operation and management of the enterprises, it is not enough to simply rely on improving the operation and management of the enterprises themselves. As a matter of fact, there are many problems in the operation and management of enterprises which still cannot be solved by simply relying on the enterprises themselves. From the macroscopic point of view, we must continue to resolutely restructure our economic system and readjust the economic structure. However, the enterprises should not just wait passively. In the process of restructuring the system and readjusting the structure and in the present process of reorganizing the enterprises, they must actively improve their operation and management work and make an effort, under existing conditions, to gradually increase their economic returns and the economic returns of society.

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## ECONOMIC PLANNING

### HENAN ADOPTS NEW ECONOMIC DEVELOPMENT MEASURES

HK190933 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 18 Oct 82

[Summary] The provincial CPC committee and the provincial government attach great importance to opinions of experts and make strategic decisions on a scientific basis. In September last year, first secretary of the provincial CPC committee Liu Jie, gathered together experts and technicians from some 10 units embracing the light industry and agriculture departments to attend a forum on provincial resources, the food industry, aluminum processing and textile and agricultural development. Between spring and summer this year, apart from Liu Jie, Dai Suli, deputy secretary of the provincial CPC committee and governor, and (He Zhukang) vice governor, inspected some rural areas and made the following decisions: "Eighteen counties located in the previous course of the Huanghe River and two suburbs of Zhengzhou and Kaifeng are to be devoted to a grape production center covering 100 million mu. Concurrently, a grape processing industry is to be set up. Preparation work was initiated this year and is expected to be completed by 1985."

In order to seek support from experts, the following institutions have been formed:

"In September last year, a provincial economic research center and a technical economic center have been established with the participation of experts, professors, and technical and economic personnel. Their tasks include: making strategic decisions on important provincial economic developments; conducting research into, expounding and checking the feasibility of key economic and technical policy, technical measures and construction projects and then submitting them to the provincial CPC committee and provincial government for approval."

Since last year, these two research centers have expounded and checked the feasibility of the provincial petrochemical industry development trend, the technical transformation of a small chemical fertilizer plant, the gradual resumption of construction of the Nenao Oil Refinery and the transformation of middle and low-yielding farmland. All the proposals have been adopted. Grain production is reported to have increased particularly in middle and low-yielding farmland: "In the middle of last year, Zhoukou, Anyang, Xinyang and Zhumadian prefectures known as middle and low-yielding farmland areas sold grain to the state amounting to 30.1 billion jin, 49 percent of the grain sold to the state by the province. This summer, 20.4 billion jin of wheat was sold to the state, comprising 57 percent of the summer grain sold to the state. The number of counties which sold over 100 million jin of wheat in a season increased from one last year to six."

## ECONOMIC PLANNING

### GUANGXI MEETING DISCUSSES CAPITAL CONSTRUCTION

HK140606 Nanning Guangxi Regional Service in Mandarin 1130 GMT 13 Oct 82

[Summary] The regional construction committee held a capital construction work conference in Nanning from 8 to 12 October. The participants studied the 12th Party Congress documents and studied targets and measures for creating a new situation in capital construction in Guangxi.

The conference proposed: "Before 1995 there must be a big change in the state of the region's capital construction and a notable improvement in economic returns. The rate of making available fixed assets must be kept stable above 80 percent. It is necessary to ensure that the quality of projects meets state technical regulations. Over 75 percent of projects should be of outstanding quality. The decline in costs should be kept at 5 percent. By the end of this century, the all-staff labor productivity of capital construction enterprises should reach 7,500 to 9,200 yuan. In 1990 average living space per urban resident should exceed 5 square meters. There must be a big improvement in environmental pollution throughout the region, and the appearance of new pollution sources should be effectively prevented. There must be a big development in rural house construction."

The conference put forward the following views on how to create a new situation in the region's capital construction and achieve the targets for endeavor:

1. Do a good job of work in the coming winter and spring. The capital construction departments must work hard through the fourth quarter to ensure the fulfillment of the year's plans. Projects such as sugar refineries, power stations, cement plants and housing must go into operation on schedule. Design and construction work must be grasped well and more projects completed and put into operation.
2. Continue to carry out all-round straightening out of the capital construction enterprises, starting with their leadership groups.
3. Do a good job in construction preparatory work and strengthen management over urban and rural construction. We should ensure that every project yields excellent economic returns.
4. Strengthen communist ideological education and promote the building of socialist spiritual civilization.

Zhou Guangchun, secretary of the regional CPC committee, and Huang Yun, vice chairman of the regional government, spoke at the meeting.



## ECONOMIC PLANNING

### 'YUNNAN RADIO' URGES ENTERPRISE RECTIFICATION

HK140754 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 11 Oct 82

[Station commentary: "Grasp Well From Beginning Till End Rectification in the First Batch of Enterprises"]

[Excerpts] Rectification has been carried out in the first batch of industrial enterprises in the province for 9 months, and most of the enterprises have obtained remarkable results in grasping the major contradictions and carrying out rectification. However, there is still a small number of enterprises which do not thoroughly understand the importance of enterprise rectification. Some leaders of investigation teams who should stay and work in one place have not done so, and thus the progress of work is slow in some areas and a new situation has not been opened up.

The key to promoting rectification in the first batch of industrial enterprises lies in improving our understanding. All of us know that the 12th party congress has put forth a magnificent development target in our country in the coming 20 years, and comprehensive enterprise rectification is an important strategic measure for realizing this magnificent target. Currently the profits submitted to the state by the province's industrial and communications enterprises account for more than 80 percent of the province's total financial revenue. Brighter prospects will be achieved if we do a good job in rectifying the existing enterprises and, on such a basis, continue to carry out reorganization, reform and renovation so that the appearance of the enterprises will be fundamentally changed. The present situation of the province's industrial and communications enterprises can be summarized as follows: the scale is not very small, the level is not high, the return is unsatisfactory and has great potentials. In other words, undergoing construction for more than 30 years, our province already had some 7,200 industrial enterprises, fixed assets and floating capital amount to more than 10 billion yuan and the number of workers is about 1 million. This is quite a sound basis for carrying out the building of the four modernization.. However, this basis has two major drawbacks: first, the level is not high and second, the return is unsatisfactory. The level of production, technology and management in most of the enterprises is rather low and equipment is backward. The consumption rate of energy and raw materials is high, and the profit rate of enterprises is very low. Many economic and technical quotas not only cannot keep up with the national average standard, but also cannot reach the best standard



of the relevant enterprises in the province. We can double the province's total industrial output if the output of each 100 yuan of fixed assets and the accumulation provided by each 100 yuan of capital reach the 1980 national level. Thus, the financial revenue contributed by the industrial enterprises can be increased by over 70 percent.

As far as the 403 enterprises which are to be rectified first are concerned, industrial output accounts for 44 percent of the province's total industrial output and profits gained accounts for 56 percent. Doing a good job in rectification of these enterprises provides a fundamental guarantee for fulfilling the province's industrial production tasks and accumulates experience in guiding future enterprise rectification. Thus we must be determined to grasp well this task.

As viewed from the present situation, promoting overall rectification in the enterprises and running the enterprises well certainly relies on the efforts of the enterprises themselves and the enthusiasm of the workers. At the same time, this work also needs the support and coordination of the higher levels and the departments concerned. All investigation teams which stay and work in one place must actively assist the enterprises to promote enterprise rectification, laying a solid foundation for the enterprises to carry out official rectifications.

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## ECONOMIC PLANNING

### YUNNAN HOLDS FORUM ON ENTERPRISE RECTIFICATION

HK140744 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 11 Oct 82

[Text] The Yunnan provincial leading group in charge of enterprise rectification recently held a forum for responsible comrades of provincial subordinate industrial and communications departments and bureaus and responsible comrades in charge of enterprise rectification in Kunming Municipality. The forum stressed that it is necessary to grasp well the work of rectifying the first batch of key enterprises all the way through. After adopting the analysis of enterprise rectification carried out among 45 key enterprises, the forum held that, since the last provincial forum held in August on industrial and communications production and enterprise rectification, many enterprises have started to deal with problems found in the course of rectification. The work of rectifying enterprises is now developing in depth. This is mainly manifested in:

1. The pace of rectifying the leadership groups of the enterprises has speeded up. Among the 45 key enterprises, 15 enterprises have already rectified their leadership groups in accordance with the demand of promoting the revolutionary, younger, better educated and more professionally competent people, and 13 enterprises are now carrying out rectification. Twelve enterprises rectified the leadership groups last year. The proportion of rectified enterprises now accounts for 89 percent of all enterprises.
2. A breakthrough has been achieved in rectifying the labor organization and organizing production by fixing the number of workers and output quotas. Enterprises which had a fixed number of workers and output quotas have changed the situation in which the work situation on the first production line is tense, the work situation on the second production front is lax and the third front is overstaffed.
3. The economic responsibility system has been further perfected. Enterprises have attached primary significance to the state tasks, and the taxes and profits submitted by the enterprises to the state have increased. They have upheld the progressive nature of the quotas, paid attention to the chain relationship, implemented the economic responsibility system of signing comprehensive contracts and ensuring production, and distributed bonuses in accordance with the principle of remuneration according to labor.

The meeting held: The current task of rectifying enterprises is still developing in an unbalanced way. Progress of work in about 20 percent of the 45 key enterprises which are to carry out rectification is still very slow. The major contradictions have not eased and a new situation has not opened up. In addition, the production situation has not improved.

The meeting stressed: It is necessary to seriously study the documents of the 12th party congress and further enhance our understanding of the necessity and importance of enterprise rectification. Leaders who should stay and work in one place but have not done so must go to the lower levels and help summarize experiences. They must grasp the right opportunity to do a good job in rectifying enterprises in the hope of obtaining better results in this year's industrial and communications production.

CSO: 4006/50

## ECONOMIC PLANNING

### 'QINGHAI RIBAO' DISCUSSES ECONOMIC PROSPECTS

HK140237 Xining Qinghai Provincial Service in Mandarin 2330 GMT 13 Oct 82

[Report on 14 October QINGHAI RIBAO editorial: "Lay the Foundation Well To Greet Vigorous Economic Development"]

[Excerpts] The key to achieving the strategic aim put forward by the 12th party congress lies in 10 years of preparation. Our province's national economy has now embarked on the track of steady and healthy development, and the situation is good. However, as the province's original economic foundation was rather weak and there was also a long period of influence of leftist thinking, there are still many problems existing. We must work hard and actively to solve them in accordance with the 12th party congress spirit.

In the first 10 years we must continue to implement the principle of readjusting, restructuring, reorganizing and upgrading. We must first do a good job of work in the first 5 years, that is, in the 6th 5-Year Plan period.

1. Concentrate forces to promote agriculture and animal husbandry. We must stabilize and perfect the various types of agricultural and animal husbandry production responsibility systems and continue to improve the production conditions. Under the premise of ensuring steady development of grain and oil production, we must further readjust the internal structure of agriculture and bring about all-round development of agriculture, forestry, animal husbandry, sideline occupations and fisheries. In animal husbandry, we must establish stable fodder bases on the winter and spring pastures, put into effect agricultural-style professionalized management, strengthen the protection, improvement and rational use of pastureland, improve the structure of the herds and speed up their turnover, raise the procurement and marketing rate of livestock, increase output of animal products and improve their quality, and strive to satisfy the needs of the people's daily life and the development of the light and textile industries.

2. In industrial production, we must carry out all-round work to straighten out the enterprises in batches, centered on the main aim, improving economic returns. It is also necessary to carry out the necessary reorganization of enterprises, do a good job in readjusting the product mix, and strive to improve

quality and increase variety. We must vigorously economize in energy, cut input consumption, launch multipurpose use of animal products and continually improve the utilization rate of raw materials and the standard of management. We must carry out technical reform and equipment renovation in key enterprises in a planned and measured way, and bring into full play the production capacity of existing enterprises. We must make full use of the province's superiority in natural resources, speed up oil prospecting and the exploitation of Huang He hydroelectricity, and the construction of key projects such as the Chaerhan potassium fertilizer plant and (Xishuishan) mine. We must do our utmost to ensure that these key projects come into production on schedule.

3. Develop education and science and promote cadre training. Education and science in Qinghai are rather backward, and there is not enough scientific and technical talent. This imposes great constraint on our economic development. We must rapidly change this state of affairs. During the 6th 5-Year Plan, we must vigorously popularize elementary education, restructure secondary education and develop secondary professional and technical education and nationalities education. The institutes of higher education should appropriately readjust their specializations and improve teaching conditions and quality.

All areas and departments must draw up plans for cadre training, and train the in-service cadres in batches by rotation, to make them better educated and more specialized.

The editorial says: We must put the improvement of economic returns in the first place in all economic work while laying the foundation during the first 10 years. We must select and promote a number of sensible people to leadership posts in economic departments at all levels, build a red and expert staff and worker contingent, set up a scientific and civilized management system, and build every enterprise into a modern socialist enterprise with a high degree of material and spiritual civilization.

CSO: 4006/56

## INDUSTRY

### SHANGHAI INDUSTRIAL OUTPUT INCREASES IN JANUARY-SEPTEMBER

OW080445 Shanghai City Service in Mandarin 1130 GMT 7 Oct 82

[Text] Inspired by the guidelines of the 12th party congress, workers and staff members of the industrial departments in the municipality exerted themselves to bring about a new situation in production, thus making relatively good achievements in September.

The municipality's total industrial output value in September increased 2 percent compared with that in the same period last year, that in the third quarter went up by 3.8 percent and that in the January-September period rose by 6.1 percent. By the end of September, the municipality had fulfilled 75.3 percent of its annual plan for industrial production.

The municipality's light industrial output in September increased 0.3 percent compared with that in the same month of last year, and its heavy industrial output went up by 4.1 percent. The September output of 58 of the 89 products included in the state plan, including steel products, chemical fertilizer, cement, motor vehicles, tractors, television sets, tape recorders, medical apparatus and instruments, bicycles and washing machines, increased as compared with the same period of last year. The output of 67 such products in the January-September period rose, compared with the same period of last year, and the output of 69 such products reached or surpassed the targets set in the annual plan for the January-September period.

A responsible comrade of the department concerned said: the municipality did a reasonable job in industrial production in the first 9 months of this year. However, there are still many difficulties and problems to solve in fulfilling this year's plan. He called on the broad masses of workers and staff members throughout the municipality to continue to strengthen their spirit and make vigorous efforts to improve product quality, to develop marketable products and to further raise economic results in order to contribute more to fulfilling or overfulfilling this year's production plans.

CSO: 4006/54



## INDUSTRY

### TIANJIN POPULARIZES TECHNICAL COORDINATION

SK230715 Tianjin City Service in Mandarin 1430 GMT 22 Oct 82

[Excerpts] According to our sources, the Tianjin Municipal Trade Union Council sponsored a meeting today on technical coordination enacted at grassroots levels. This is the first municipal level meeting in this regard since the municipality enacted the program of technical coordination among enterprises and establishments.

Since the 3d Plenary Session of the 11th CPC Central Committee, the municipality has made rapid progress in developing large-scale technical coordination, resulting in a gratifying situation. As of now, the municipality has initially built a three-in-one technical coordination contingent consisting of labor models and advanced producers as backbone elements; skillful craftsmen, engineers and technicians; and managerial cadres. By the end of June this year, the 19 districts and bureaus, 60 companies and 490 units at grassroots levels across the municipality, which had enacted the technical coordination program, set up 809 specialized technical groups for this program and enrolled over 18,600 group members in all. Over the past few years, the technical coordination groups at all levels have actively implemented the principle of readjusting the national economy and the 10 principles for economic construction, carried out extensive and various activities in technical coordination and gained some work achievements and experience, producing a large number of units and enterprises that have done a fairly good job in this regard.

The meeting put forward concrete demands on how to further strengthen the build-up of technical coordination organizations, expand the technical coordination contingent, create new experience in technical coordination in line with the combat task set forth by the 12th CPC Congress, accelerate the progress of achieving socialist material and spiritual civilizations and continuously create a new work situation in technical coordination.

Attending the meeting were responsible comrades from trade unions at all levels throughout the municipality, labor models, advanced producers and activists emerging in various technical coordination groups--over 2,000 persons in all.

CSO: 4013/25

## BRIEFS

**GUIZHOU STANDARDIZATION WORK CONFERENCE**--From 14-16 October, the Guizhou Provincial Economic Committee and the provincial science and technology committee jointly held a conference in Guiyang to celebrate the "world standardization month" and to strengthen standardization work. The conference summed up and exchanged the experiences of the province in unfolding enterprises' standardization work. Seven industrial units introduced their experiences. The conference also discussed and formulated the provincial regulations on standardization management and made arrangements for current work and the work for the next stage. Some 100 people attended. Responsible comrades of the provincial people's government, the provincial science and technology committee and the provincial economic committee attended and spoke. [HK221504 Guiyang Guizhou Provincial Service in Mandarin 1100 GMT 18 Oct 82 HK]

**GUANGDONG ADVANCED ENTERPRISES**--The Guangzhou Hongwei telephone plant, Guangzhou (Xingchi Pharmaceutical Works, Shaoguan gear plant and Guangzhou (Lide) flour mill have been assessed as advanced enterprises in quality control and have won provincial prizes for quality control. At today's forum of enterprises which won national prizes for superior quality in 1982, these plants were awarded silk banners by the provincial economic committee and other units. [HK121345 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 8 Oct 82 HK]

**JILIN PREFECTURE INDUSTRY**--Since the beginning of 1982, industrial production and profits of Siping Prefecture, Jilin Province, have increased month after month. In the January-August period, the prefecture fulfilled the annual industrial output value target by 69.2 percent, 10.4 percent over the corresponding 1981 period. Industrial enterprises covered by the budget gained 15.42 million yuan of profits, an increase of 11-fold over the corresponding 1981 period. According to preliminary statistics, 70 percent of enterprises in the prefecture have instituted the economic responsibility system. From January to August, 320 varieties of new products were trial produced and 260 of them were put into production, creating 49.93 million yuan of output value and netting 3.72 million yuan of profits. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 3 Oct 82 SK]

**SMALL CEMENT PLANTS**--Beijing, 26 Sep (XINHUA)--China's small cement plants have undergone considerable development in recent years. In 1981 over 90 percent of the cement made by these plants met the quality standards, compared with 73 percent in 1978. In that year they produced 57.84 million dun, of which over 13 million dun was used in state and local key construction projects. Since 1978 production of these small cement plants has grown by an average of more than 5 million dun annually. Output during the first 6 months of this year was 31.49 million dun, showing a 19-percent rise over the level of last year's corresponding period. At present their production accounts for over one-third of all the cement made in China. [OW141117 Beijing XINHUA Domestic Service in Chinese 0041 GMT 26 Sep 82 OW]

## CONSTRUCTION

### 'CHINA DAILY' REPORTS HOUSING INCREASE

HK210232 Beijing CHINA DAILY in English 21 Oct 82 p 1

[Text] China has built a total of 270 million square metres of housing space in the past four years, boosting urban housing by 51 per cent.

Some 17 million people moved into new homes in urban areas over the period, when more than 38.89 billion yuan was invested in urban housing development across the country.

New housing is also mushrooming in rural areas, where 1.5 billion square metres of residential structures have sprung up in past three years, bringing new homes to about 10 per cent of China's rural population.

The acceleration of urban housing development was due in part to new measures adopted by the state in encouraging investment in housing projects by business enterprises or by individuals and in selling a number of new houses to users on credit terms.

Last year alone various enterprises invested nine billion yuan in housing development, accounting for 67.8 per cent of the total housing investment in the country.

In a number of cities, houses were built with bank loans and then sold to the users while individuals were encouraged to build their own houses with public assistance.

The total housing space built by individuals in the cities ran to 6.4 million square metres in 1981.

While speeding urban housing construction, the authorities have begun to pay more attention to improving the quality of residential housing design.

Guided by an overall planning programme, Beijing is developing residential zones with shopping centres, public utilities, cultural and health and postal services integrated in the design.

There are now 30 such residential zones under construction in Beijing, the biggest covering a total building area of half a million square metres.

And about 50 per cent of the cities in Jiangsu Province are developing housing projects according to an overall planning scheme.

## CONSTRUCTION

### 'DAZHONG RIBAO' DISCUSSES SHANDONG CAPITAL CONSTRUCTION

HK060917 Jinan DAZHONG RIBAO in Chinese 28 Sep 82 p 1

[Report: "Shandong's Capital Construction Develops Healthily"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, Shandong's capital construction has seriously implemented the policy of readjusting the national economy and is healthily developing. From 1979 to 1981, 7 billion yuan were invested and 3,888 items of various kinds of construction were built. There was an increase of 52 billion yuan in the total value of the fixed assets. Positive contributions have been made to the national economy.

First, investments in capital construction have been cut and the scale of capital construction has been checked. In these 3 years, in accordance with the principle of acting according to one's capability, we seriously sorted out the items under construction, stopped or slowed down the speed of construction of a great number of projects that were not urgently needed or for which the conditions of construction were not yet ripe, and effectively increased the returns on investment. In 1981, 1.8 billion yuan were invested in capital construction and there was an increase of 1.59 billion yuan in the total value of fixed assets. The rate of delivery and utilization was 88 percent. Compared with 1978, there was an increase of more than 10 percent. That was the highest level since 1966.

Second, in addition to reducing the scale of capital construction, we did fairly well in correcting the tendency of laying too much emphasis on production while neglecting living conditions. The proportion of money invested in nonproduction construction such as workers' dormitories, and cultural, educational and public health undertakings in the total value of investment in capital construction has been increasing every year. In these 3 years, 1.17 billion yuan, that is 16.7 percent of the total value of investment in capital construction, was invested in the construction of houses in towns and cities. In all, 10.71 million square meters of housing were built. The amount is equivalent to 44.9 percent of the total amount of houses built in the 29 years from 1950 to 1978. The per capita living space of the urban workers in Shandong increased from 3.7 square meters in 1978 to 4.4 square meters.

We have changed the proportion of investment in capital construction. We have reversed the tendency of laying too much emphasis on heavy industry while neglecting light industry. The proportion of investment in heavy industry in the total value of investment in capital construction dropped from 52.3 percent in 1978 to 41.49 percent in 1981; the proportion of investment in light industry out of the total value of investment in capital construction increased from 8.17 percent in 1978 to 16.8 percent in 1981. As to the construction of energy resources, 2.2 billion yuan was invested in 3 years, that is, 31.4 percent of the total value of investment in capital construction. There was an increase of 4.11 million tons in our coal mining capacity, an increase of 3.05 million tons in our crude oil extraction capacity and an increase of 780,000 kilowatts in our capacity to install electric generators. As to communication and transportation, the Jinan-Heze railway, the 12 double-tracked sections of the Qingdao-Jinan railway, the Jinan-Wangcun highway and the expansion of the berths for liners of over 10,000 tons displacement have been put into operation. They have played an important role in changing the outlook of Shandong's communications and transportation.

Notable results have been achieved in urban construction. A lot of urban public service institutes and facilities have been built, installed and repaired. Shortages in water supply and means of traffic have been eased. We have kept the city green and made improvements in environment sanitation. A large number of residential dwellings for workers have been built. The living conditions of the urban population have been improved to a certain extent. In these 3 years, more than 210 million yuan were spent on urban public services, equivalent to the sum total spent in the 10 years before 1978. Before the 3d Plenary Session of the 11th CPC Central Committee, tap water was only supplied in 30 counties and towns. The daily tap water supply capacity was 126,000 tons. Since the third plenary session, there has been an increase of 53 county waterworks and 2 towns waterworks in Shandong. The daily tap water supply capacity has increased to 267,000 tons. In the first half of this year, 2 towns and 13 counties out of 200 counties built their own waterworks or simply-equipped tap water supply facilities. Tap water is supplied to more than 80 percent of the counties and municipalities. There are great improvements in the urban public transport facilities. In the 3 years, there was an increase of 528 public transport vehicles equivalent to 50 percent of the increase in the past 30 years. In all, 626 kilometers of highway have been constructed or extended. Hired vehicles are beginning to appear in Jinan, Qingdao and four other cities, the number of hired vehicles has reached 156. They provide a good transport service for the urban people and promote the development of tourism.

CSO: 4006/55

## CONSTRUCTION

### BRIEFS

HEBEI HOUSING--From 1979 to 1981, Hebei Province invested some 1.8 billion yuan in housing. The amount of this investment was 500 million yuan more than from 1953 to 1978. In these 3 years, the province completed houses on some 15 million square meters. If each household has an average housing area of 50 square meters, the housing problem of 300,000 households can be solved. [HK090336 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 30 Sep 82 HK]

CSO: 4006/55



## FOREIGN TRADE

### PAPER ON TRADE WITH HONG KONG, MACAO

HK060350 Guangzhou YANGCHENG WANBAO in Chinese 3 Oct 82 p 1

[Report: "Trade Cooperation Between Guangdong and Hong Kong-Macao Region Is Progressing Satisfactorily"]

[Text] Since the economic policy of opening up to the outside world was put into effect in our province, great progress has been made in the trade and economic and technological cooperation between Guangdong and the Hong Kong-Macao region and a situation of mutual benefit and mutual prosperity has been created. The 1981 export volume from Guangdong to Hong Kong and Macao amounted to \$1.305 billion, or nearly 300 percent of the 1978 figure. The export volume in the first 8 months of this year was close to the level in the same period of last year.

Our province borders on Hong Kong and Macao and has rich manpower and material resources and has certain industrial foundations. All this forms favorable conditions for developing foreign trade. Hong Kong is also situated in a favorable position as an international trade and financial center, and this also benefits the development of foreign economic relations and trade in our province. Over the last 3 years, our province has made full use of these favorable conditions to actively develop trade and economic and technical cooperation with Hong Kong and Macao businessmen and foreign businessmen. Through the methods of processing imported material, assembling imported spare parts, running joint ventures, cooperating in business and handling compensation trade, our province has signed more than 14,000 contracts in various fields. Of them, the major items include: the microwave communications project from Guangzhou to Hong Kong; joint land and water container transport service; the building of four bridges on the highroad from Guangzhou to Zhuhai; the Foshan Electronic Company, Limited; the dairy farm and the duck-raising farm in the Shenzhen Guangming farm; and the building of several large hotels, including the China (Guangzhou) Hotel.

Through the above-mentioned economic cooperation, both sides have gained economic benefits. The income from processing charges in our province in 1980-1981 amounted to nearly \$200 million. More than 200,000 people have gotten jobs. On the other hand, owing to the cheaper cost of labor, water, electricity and land on the mainland than in Hong Kong and Macao, outside businessmen have also obtained considerable profits. At the same time,

because outside businessmen, when investing and building factories on the mainland, need to reexport foreign raw materials and equipment from Hong Kong to the mainland, this has also helped promote economic prosperity in Hong Kong. In addition, because our province expanded the exports of fresh and live food commodities to Hong Kong at prices which were only one-half the average price of goods from other places, this has reduced the cost of living of Hong Kong residents.

CSO: 4006/046

## FOREIGN TRADE

### BRIEFS

JAPANESE DELEGATION IN GUANGXI—At the invitation of the Guangxi Regional Import and Export Management Committee, the Japanese economic and trade delegation arrived in Nanning by plane today to pay friendly visits to the region. Over the past few years, the region has made progression in economic cooperation, expansion of technological exchange and bilateral trade with Japan. In May and June this year, our regional economic and trade delegation paid visits to Japan and held preliminary talks on economic cooperation with relevant companies in Japan. This time, the Japanese economic and trade delegation will hold further talks on economic cooperation and expansion of bilateral trade with the region. [HK081224 Nanning Guangxi Regional Service in Mandarin 1130 GMT 7 Oct 82]

CSO: 4006/046

## TRANSPORTATION

### COMMUNICATION, TRANSPORTATION FACILITIES IMPROVING

Shanghai ZHONGGUO CAIMAO BAO in Chinese 21 Aug 82 p 1

[Article: "China's Communication and Transportation Flourish"]

[Text] Reporter Wu Jiarong [0702 4471 2837] reports the following: Since the 3d Plenary Session of the 11th Party Central Committee, China's communication and transportation departments thoroughly implemented the policy of readjustment, restructuring, reorganization and upgrading on the national economy, performed large volumes of work and made obvious achievements. State plans for the shipping of coal and exports and other crucial goods and materials were completed above norm year after year. When 1981 is compared with 1978, the turnover volumes of freight shipped by rail and by water transport directly under the Ministry of Communication increased 19 percent and passenger transport 17 percent. Freight shipping from January to July this year increased 7.7 percent compared with the same period last year.

The communication and transportation departments vigorously tapped the potentials in improving the railways and harbors. The electrification of the Feng-Sha [Fengtai-Shacheng] trunk line currently underway and the set forming and minor improvements of Jiao-Ji, Long-Hai and Jing-Tong railways and Qinhuangdao and Wuhan harbors have all effectively improved the coal shipping capacity. From 1979 to 1981, the amount of coal shipped from Shanxi to outside areas averaged an annual increase of 9.25 million ton, and it is estimated that there will be an actual increase of 6 million ton this year over last year.

With the development of industrial and agricultural production and foreign trade, more than 4,000 railway stations and 98 major ports in the country have started coordinated transport, creating a framework of through shipping on major land and water lines between the east and the west and between the north and the south. Last year, 90 million tons of through shipping were completed, and the first half of this year showed a further gain.

To adapt to the rapid growth of import and export goods and materials, more ports were opened to the outside, enlarging the handling capacity. By the end of 1981, there were 22 ports open to foreign shipping, 6 delivery points for foreign ships to make deliveries at sea and 10 ports for loading and unloading foreign trade freight run by domestic steamship companies. Fujian and Guangdong provinces set up 118 new starting points for freight shipping in trading with Hong Kong and Macao. The coastal ports built a group of new deepwater berths, made some technical improvements of the old wharves and raised the level of mechanization. The situation of ships and freight waiting at ports was greatly ameliorated.

Containerization and bulk shipping are rapidly developing. In 1981, railways throughout the country completed more than 2.47 million container-times and ocean shipping more than 114,000 standard container-times in international freighting, each constituting an increase of around 8 times over 1978.

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CSO: 4006/007

## TRANSPORTATION

### FUJIAN ORGANIZES STUDY OF DEEPWATER PORTS

Fuzhou FUJIAN RIBAO in Chinese 20 Sep 82 p 1

[Text] Recently, Fujian province organized experts and scholars from inside and outside the province to make a scientific study of the protection of deepwater ports and the development of Meizhou Bay. Lasting 14 days, the study was concluded on 28 August. The experts and scholars made many important suggestions.

The scientific study was organized and conducted by the provincial scientific association. It appointed Wang Jianxin [3769 6015 2450], president of Northern Jiaotong University, as the leader and Lei Ting [7191 3060], assistant chief of the Capital Construction Office, State Economic Commission, and director of the Institute of Coordinated Transport, as the assistant leader. The 70 plus persons invited to take part in the study included leading comrades of units connected with ports, hydraulics, the deep sea, railways, highways, water conservation, hydroelectricity, economic geography, natural geography, technical economics, system engineering and natural dialectics and experts, professors and engineering and technical personnel. They visited the land areas of the ports of Meizhou Bay, Mawei, Xiamen and Chuanzhou and went by ship to examine the navigation routes, harbor sites and coastal berths. Through their joint effort, encouraging results were made. The participating comrades found that the water area of Meizhou Bay is broad, and the conditions of navigation routes, harbor site, anchoring and water depth extremely favorable and, sheltered from the wind, it is a natural harbor rare in China. Located on the southeast coast and facing Taiwan province, it has a crucial political and economic position. Its development and construction will have a crucial significance in developing China's ocean shipping, linking the resource circulation of some provinces and municipalities south of Changjiang, promoting the growth of southeastern coastal provinces and cities, and especially the economic development, resource exchange and personnel traveling of Taiwan after its return to the fatherland. The participating comrades unanimously suggested that Meizhou Bay be included among the feasibility study projects of the state. They also felt that the irrational phenomena of enclosing tideland for cultivation and using deep water as shallow water found in some areas in the province have caused the silting of deepwater ports and that protective measures should be taken.

The leaders of the provincial party committee and the provincial government heard the study report.



## TRANSPORTATION

### ELECTRIFICATION OF FENGTAI-DATONG RAILWAY STEPPED UP

Beijing BEIJING RIBAO in Chinese 28 Aug 82 p 1

[Text] Reporter Zhou Jingchun [0719 2529 2504] reports the following: In the Taihang Mountain ranges west of Beijing, along both sides of the railway winding upstream of Yongding River, new large reinforced concrete posts and transmission towers have been erected one after another, like two rows of giants, stretching through the mountains and over the hills toward Shanxi, China's coal base. It is the electrification project of the multiple track railway between Fengtai and Datong now under intensified construction.

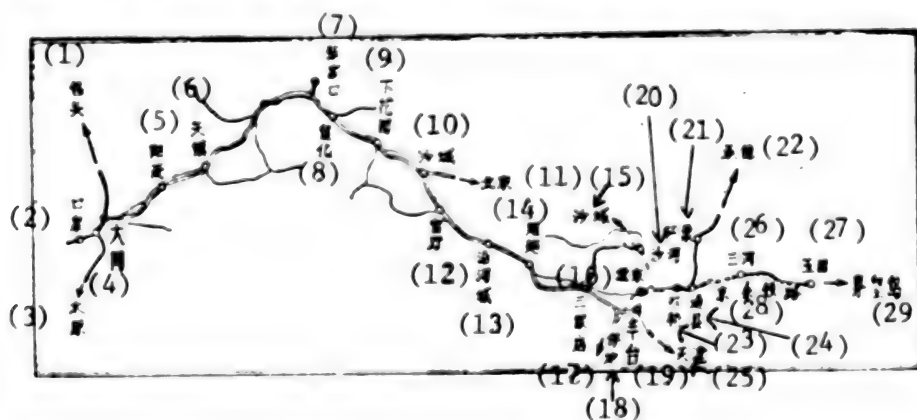
The section between Fengtai and Datong on the Jing-Bao [Beijing-Baotou] railway is an important artery for shipping Shanxi's coal to outside areas. To speed up the shipping, the railway departments made technical improvements of the section many times, changing the single track to multiple track, the steam engines to internal combustion engines, and semi-automatic blocking to automatic, thereby almost doubling the coordinated transport capacity of the section. However, it still failed to keep pace with the ever growing need. Therefore, the state decided to electrify the section. When completed, the coordinated transport capacity of the section will be further enhanced, expediting the shipping of the raw coal of the Datong coalfield to outside areas. It will also facilitate the shipping of the coal of Ningxia and Inner Mongolia. In addition, coal will be supplied continuously to the industrial bases in North China, the Northeast and East China. Furthermore, the Feng-Da line and the Jing-Qin (Beijing-Qinhuangdao) electric line now under construction, when linked, will serve as a shortcut for Shanxi's coal to be shipped directly to the eastern port and produce a crucial impact on expanding export and developing the national economy.

The state demands that the electrification project of the 377-km Feng-Da multiple track be completed and put into operation within a short time. The task is formidable and the time pressing. The entire line needs 4,000 km of wires and supporting resistance lines, 20,000 posts of all kinds, large amounts of underground cables of all types and tens of

thousand units of equipment. Meanwhile, 25 stations have to be remodeled and 7.2 km of rerouting, 22 tunnels (8.6 km) and close to 100,000 square meters of building construction completed. Construction is premised on not interrupting the transport tasks of the existing line. After all work on the electrification project was started on 1 June this year, the Third Survey and Design Institute, the Communication Signal Corporation and the Electrification Engineering Bureau of the Ministry of Railways, which are responsible for designing and construction closely coordinated with the Beijing Railway Bureau and other units, mutually creating conditions and making it possible to carry on the construction without interruption to shipping. While vigorously performing the civil engineering work of which it is responsible, the Beijing Railway Bureau, under the unified arrangement of the Ministry of Railways, has adopted such measures as double engine hauling and reducing the time for the technical inspection of trains. It closes the line between Zhangjiakou and Datong for 2 hours daily and that between Sanjiadian and Shacheng 3 hours daily, creating conditions for constructing the electric line. Within the limited time for construction, the Electrification Engineering Bureau and the Beijing Railway Bureau in charge of building remodeling make advance preparations and work at a high speed. To speed up electrification, the 500 plus staff and workers of the 5th and 7th teams of the 2d engineering section took hardship as an honor, camped in the deep valleys, overcame the poor lighting and cramped space in the tunnels and safely completed 15 days ahead of schedule the tunnel work, and the work was of good quality. The on-site staff and workers of the Electrification Engineering Bureau rise daily at 3 o'clock in the morning and start at 4, valuing every minute and every second in their endeavor. Currently, the several advance projects are progressing rapidly, completing 66 percent of post erecting, 60 percent of signal engineering, 100 percent of rerouting and tunneling, 44 percent of station remodeling and close to 50 percent of building construction of the current year's quotas. While these construction tasks are performed, the monthly transport tasks of the line are completed.

Sketch Map of Feng-Da Railway

Drawn by Li Shuping [2621 2885 1456]



[Key on following page]

Key :

- |                |                      |
|----------------|----------------------|
| 1. Baotou      | 16. Beijing          |
| 2. Kouquan     | 17. Sanjiadian       |
| 3. Taiyuan     | 18. Baoding          |
| 4. Datong      | 19. Fengtai          |
| 5. Yanggao     | 20. Shahe            |
| 6. Guanzhen    | 21. Huairou          |
| 7. Zhangjiakou | 22. Chengde          |
| 8. Xuanhua     | 23. Shuangqiao       |
| 9. Xihuayuan   | 24. Tongxian         |
| 10. Shacheng   | 25. Tianjin          |
| 11. Beijing    | 26. Sanhe            |
| 12. Guanting   | 27. Yutian           |
| 13. Yanhecheng | 28. Jing-Qin Railway |
| 14. Yanchi     | 29. Qinhuangdao      |
| 15. Shacheng   |                      |

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CSO: 4006/007

## TRANSPORTATION

### SHANXI HIGHWAY CONSTRUCTION BOOSTS PRODUCTION

HK150127 Beijing CHINA DAILY in English 15 Oct 82 p 2

["Special" to CHINA DAILY: "Newly-Built Highways Boost Production"]

[Text] A major road-building programme in Xiangyuan County in Shanxi Province over two years has given a strong boost to agricultural and industrial production.

It has greatly improved communications in the areas.

According to Gui Huaiwen, secretary of the county's party committee, about 35 highways covering 336 kilometres have been built in three years. This is substantially more than was built in the previous 30 years.

A traffic network has been set up, centred on the county town, and regular transport services now link 20 communes and most of the county's production brigades.

#### Results

The new network has already transformed the county's economy.

Last year, for the first time in three years, 430,000 tons of coal were transported out.

The value of agricultural and sideline products purchased from communes and brigades has risen by 52 per cent in two years.

Peasants' earnings from sideline activities have risen from an average of 33 yuan a year two years ago to 88 yuan.

The total value of retail sales has grown by 17 per cent. An extra 291 trucks and 234 tractors have been bought.

The improvements of the past three years have made people in the area well aware of the contribution improved communications can make to the local and the national economy.

"Highway construction is an important way to develop the national economy," Gui Huaiwen said.

## TRANSPORTATION

### ANHUI-JIANGXI RAILWAY TRUNK LINE BEGINS OPERATION

OW011022 Beijing XINHUA in English 0827 GMT 1 Oct 82

[Text] Hefei, 1 Oct (XINHUA)--A 551-kilometer new trunk line in east China, the Anhui-Jiangxi railway, began operation today while work on ancillary projects continues, according to railway administrations.

Running from Wuhu city in Anhui Province to Guixi in Jiangxi Province, the railway is connected with the Nanjing-Wuhu, Zhejiang-Jiangxi and Yingtian-Xiamen railways. It links the rail network in east China with the Yangtze, China's largest shipping artery, since Wuhu, the starting point of the new railway, is a port along the river.

The railway relieves pressure on the Nanjing-Shanghai, Shanghai-Hangzhou and other railways in this densely-populated part of China. It offers a short cut from Nanjing, capital of Jiangsu Province, to nearby Zhejiang, Fujian and other provinces to the south, and makes it convenient for tourists to go to Huangshan, a scenic attraction in Anhui Province.

The largest part of the new railway lies in Anhui Province and runs across many tea producing counties and towns and the cement center of Ningguo. Operation of the line is expected to promote the interflow of goods in these areas, said an official of Huizhou Prefecture in southern Anhui Province.

The railway is scheduled to be put into official operation after the completion of the ancillary projects.

The improvement of communications and transport is one of the strategic tasks for developing China's national economy listed by Hu Yaobang, general secretary of the Chinese Communist Party, at the recent 12th National Party Congress.

From Jinan, capital of Shandong Province, it was reported that a new railway marshalling project went into use today near the city.

It handles the growing volume of transport along the Tianjin-Pukou railway, the artery of transport from north to east China, and helps move more coal out of Shanxi Province, China's leading coal producer.

The project--at present in partial operation--consists of a large marshalling yard, railway stations, and workshops for the maintenance of internal combustion locomotives and railroad cars. It also involves the construction and reconstruction of rail lines.

## TRANSPORTATION

### BRIEFS

**JINAN RAILWAY PROJECT**--In Shandong the key Jinan railway project with domestically advanced technology and equipment has been basically completed and has partially gone into operation as of 1 October. As a key project of the country, the key Jinan railway project will enable scattered marshalling operations of the cargo trains at the Jinan railway station on the Tianjin-Pukou railway line to be done concentratively at the new marshalling yard of the Jinan railway west station, thus changing the negative situation in which transportation has been blocked in this section of the Tianjin-Pulou railway, greatly improving the railway's transport capacity and accelerating the transportation of Shanxi's coal to other places. This is very significant in developing the national economy. The key Jinan railway project includes the construction of the Jinan railway west station and six other stations, an internal-combustion engine section, a rolling stock section and a bridge spanning the Huang He, the total length of railway built being 212 km. The project also includes 180,000 square meters of dormitories, schools, shops, hospitals and other welfare facilities. [Text] [SK040505 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Sep 82 SK]

**HUNAN MUNICIPALITY RAILROAD**--Changsha Municipality has a main railroad line leading from the south to the north through the municipal center. This railroad line has greatly affected the layout and traffic of the city, people's livelihood and the appearance of the city. The State Council recently approved the demolition of this main railroad line and appropriated 30.4 million yuan to the Ministry of Railways to build a main railroad line in another place. Changsha Municipality will make use of the original railroad base to build a main road line leading from the south to the north through the municipal center. At present, relevant departments are making preparations for the demolition of the original railroad and the construction of a new railroad. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 7 Oct 82 HK]

**LIAONING COAL DELIVERY RAILWAY**--The Beijing-Tongliao railway with a total length of 804 kilometers was built in 1980. It began operation in June 1981 and was placed under the jurisdiction of the Jinzhou Railway Bureau, Liaoning Province. The railway line shipped 3.4 million tons of coal from Shaanxi Province to the northeast in the first 2 months of its operation. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 11 Sep 82 SK]



NEI MONGGOL HIGHWAY TRANSPORT--Since the beginning of 1982, highway transport departments across Nei Monggol region have made progress in all fields of work. From January to September, the volume of goods transported was 27 million tons and the rotation volume of freight transport was 754 million ton-kilometers. The volume of passengers transported was 18 million persons and the rotation volume of passenger transport was 1,005 million person-kilometers. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 11 Oct 82 SK]

NEI MONGGOL HIGHWAY CONSTRUCTION--The Nei Monggol regional work conference on highway construction and maintenance was held recently in Ulanhot. The conference pointed out: by the end of 1981, total highway mileage reached 35,850 kilometers. A highway network linking Hohhot with various leagues, municipalities, banners and counties has been started. However, the quantity and quality of highways still cannot meet the needs of the region's economic construction. In addition, the highway administration is ineffective. To strengthen the construction and maintenance of our region's highways, we must mobilize the forces in all fields to strengthen highway construction instead of merely relying on the state investment. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 11 Oct 82 SK]

LIAONING'S DALIAN SEAPORT--The Dalian seaport in Liaoning Province has accelerated port innovation and construction in line with the guidelines of the 12th party congress concerning strengthening communications and transportation construction. The Dalian seaport can handle up to 30 million tons of cargo every year, among which, the export and import materials account for over 60 percent. Its foreign trade volume ranks first in the country. Since the third plenum, the Dalian seaport has invested over 20 million yuan to conduct technical innovation in some 20 key projects in accordance with the needs of economic development. In the past 4 years, the handling capacity of the seaport increased at an average rate of 7.9 percent annually and the profits handed over to the state averaged an increase of 23.7 percent annually. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Oct 82 SK]

SHAANXI'S AIRLINE ROUTES--Since the 3d Plenary Session of the 11th Party Central Committee, the civil aviation of Shaanxi has made an encouraging advance. Before 1978, Shaanxi had only four intraprovincial airline routes and one route to other provinces. Furthermore, the planes were small, the routes were short, and the shipping suffered losses year after year. After the party's Third Plenary Session, with the development of economic construction and tourism, civil aviation has also grown rapidly. Today, the Civil Aviation Bureau of our province has 18 routes, reaching Beijing, Shanghai, Guangzhou, Wulumuqi, Lasa, Nanjing, Zhengzhou, Changsha, Taiyuan, Chongqing, Chengdu, Xining, Yinchuan, Geermu and Lanzhou, a total of 15 large and medium cities in the country. Scheduled charter flights from Xian to Hong Kong were started on 15 August. The number and types of planes have both increased. Large Yier-18 passenger planes are replacing the An-24 planes, and medium Yier-14 planes have become the main passenger transport facility, markedly improving the economic benefits. In 1981, the label of policy losses was completely removed, and there was an annual profit of more than 2.5 million yuan. This year, they are continuing to implement the 8-point policy, making a profit of 530,000 yuan in the first half of the year, an increase of 1.6 times over the same period last year. [Text] [Xian SHAANXI RIBAO in Chinese 30 Aug 82 p 1] 6080

GUIZHOU RAILROAD TRANSPORT--The Guiyang Railroad Subbureau fulfilled its quota for transporting 11.324 million tons of freight in 1979 and the volume of freight transport in 1980 was some 640,000 tons more than in 1979. The volume of freight transport in 1981 was some 1.112 million tons more than in 1980 and the volume of freight transport from January to August this year was some 590,000 tons more than in the corresponding period last year. During the 10 years of turmoil, the subbureau's volume of freight transport was only 5-6 million tons. [HK051424 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 2 Oct 82 HK]

SHANDONG SEA TRANSPORTATION--Since the 3d Plenary Session of the 11th Party Central Committee, Shandong Province has made relatively good progress in sea transportation undertakings. In the past 3 years, the province has added 16 transport vessels totaling 40,000 tons, built or expanded the coastline of seaports by 610 meters and increased handling capacity by 1 million tons. The volume of goods transported increased at an average rate of 17.2 percent each year. The province now has 17 local seaports with 58 berths. The total length of coastline of these ports is 3,500 meters, an increase of 30 percent over 1978. The province has some 50 state-run transport vessels totaling 7,000 tons, an increase of 17 percent over 1978. In February 1980, a shipping line between Qingdao and Hong Kong was opened. This year, a shipping line between Qingdao and Japan has been opened. There are five oceangoing vessels totaling 38,900 tons in the province. [SK161225 Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Oct 82 SK]

SHANDONG ASPHALT ROAD--In the past three years, Shandong Province increased asphalt roads by over 2,760 km. At present, the province has over 14,860 km of asphalt roads and 42 percent of the highways is paved with asphalt. According to a statistic, the province scored 90 percent decrease in its vehicle transportation blocks caused by accumulated snow, upgrading its transportation efficiency by 27 percent and lowering its transport cost by over 22 percent. [SK131140 Jinan Shandong Provincial Service in Mandarin 2300 GMT 5 Oct 82 SK]

SHANGHAI CIVIL AVIATION--The Shanghai administration of civil aviation has fulfilled this year's target for specialized flights 4 months ahead of time. It has carried out various flights this year for 42 operations bases in 6 provinces and 1 municipality in east China. In forestry, it provided seeding, afforestation and pest control flights. In agriculture, the flight services included seeding, weeding, fertilizer application, pest elimination and (fodder grass seeding). The flights totaled 4,200 hours and covered a combined area of 4.71 million mu. In addition, flights have also been made to apply top dressing for 1.5 million mu of wheat in 9 counties and 12 farms in Anhui Province. [Beijing Domestic Service in Mandarin 1000 GMT 22 Sep 82 OW]

SHANXI ELECTRIFIED DOUBLE-TRACK RAILWAY--Taiyuan, September 29 (XINHUA)--A 135-kilometer double-track railway line designed to transport more coal out of Shanxi Province, China's leading coal producer, opened today. Linking the provincial capital Taiyuan with Shijiazhuang, capital of Hebei Province, this is China's first electric double-track line, according to the Ministry of Railways. The section from Shijiazhuang to Yangquan--a coal producing city in Shanxi--opened in September, 1980. In 1981, Shanxi produced 100 million tons of coal, about one-fifth of the national output. With the

completion of the railway electrification project, transport on the line will grow from 18.2 million tons to 40 million tons a year. Other lines are being electrified with the goal of transporting 112 million tons of coal in 1985 from Shanxi, the ministry said. The transport goal for 1982 is fixed at 80 million tons and for 1983, 90 million tons. One of the lines under electrification is the line from Fengtai on the western suburb of Beijing to Datong, a major Shanxi coal producing city. The project is scheduled for completion in 1984. Construction is also underway on the Beijing-Qinhuangdao double track, electric railway line also designed to transport Shanxi coal. The port city of Qinhuangdao is a major outlet for coal export. [Text] [OW051034 Beijing XINHUA in English 1646 GMT 29 Sep 82 OW]

HOVERCRAFT TECHNOLOGY CONFERENCE--The second national meeting on hovercraft technology opened in Shanghai on 16 October. Our country has made promising progress in hovercraft technology in recent years, with hovercraft moving out from experimental stage to practical application. The number of hovercraft built in recent years are found to have performed well after long use. The hovercraft included a full amphibious hovercraft for geological survey and transport along the coast and a jet propelled tourist hovercraft for inland waterway operations. Tourist hovercraft for use along the coastal region has also been built and launched recently. The more than 120 experts and professors attending this meeting will sum up past experience and discuss and implement plans for developing hovercraft technology and key problems to be tackled in the future. [Text] [OW180643 Shanghai City Service in Mandarin 2300 GMT 16 Oct 82]

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GENERAL

HOUSING OFFICIAL INTERVIEWED ON RENTS

HK151316 Beijing BEIJING REVIEW in English No 41, 11 Oct 82 pp 27-28

[Text] Chinese urban dwellers pay exceptionally low rents--some think too low. To get a better understanding of this, our correspondent Zhang Zeyu interviewed a responsible member from the Bureau of City Housing under the Ministry of Urban and Rural Construction and Environmental Protection.--Ed.

Question: Would you explain the system of housing rental in the cities?

Answer: Most urban housing is owned by the state, factories or mines. I suspect our country's rents are among the lowest in the world. Tianjin charges the highest monthly rents among China's larger cities--0.279 yuan per square meter. Guiyang in southwest China has the lowest, 0.067 yuan per square meter, roughly the cost of three boxes of matches.

Rent is such a small portion of people's income that literally no one worries about inability to pay the rent. A survey of 200 cities shows that average monthly rent is 0.11-0.12 yuan per square meter, about 2-3 percent of a family's monthly income.

Table 1 shows the average rents in 13 major cities.

Question: Who is entitled to rent out housing?

Answer: The main agencies responsible for administering housing are the bureaus of housing administration, government organizations and enterprises. A small amount of rental property is owned by individuals.

Table 2 shows the breakdown for the 709.5 million square meters in the 200 surveyed cities.

Question: What is China's policy for rents?

Answer: China is a developing socialist country that has a relatively equal distribution of daily necessities. Our policy is to maintain low prices on basic items, including rent. I think this is correct.

There are a few problems with historical roots. In the early 50's, the policy was to rent housing for exactly the cost of regular maintenance plus enough to build new houses to replace the old ones which were no longer habitable. At that time urban houses rented for an average of 0.30 yuan per square meter, 6-7 percent of the family income.

In 1955, the State Council worked out a temporary measure to lower the rent collected from state functionaries in Beijing to 0.11 yuan per square meter. Other cities followed suit and rents were universally cut.

Later, the state decided that rents of workers and staff in state-owned houses should cover depreciation, maintenance and management, and planned to raise rents accordingly. Rents would have been 6-10 percent of the workers' incomes, still very low compared with many other countries. But the higher rents were never instituted owing to the influence of the "left" view which regarded low rents as pure benefits to the people. During the "Cultural Revolution" rents were reduced again to the present rate.

I should say the rents are really too low.

Question: But isn't that desirable?

Answer: I don't think so. First of all, low rents are an added burden on state revenues. In 1979, for instance, the average monthly rent was 0.10 yuan per square meter, while the monthly costs of depreciation, maintenance and management were 0.38 yuan per square meter. The remaining 0.28 yuan had to be covered by state and enterprise funds.

Low rents also intensify conflicts over the allocation of housing. All housing except that owned by individuals is subsidized by the state on a per-square-meter basis. Therefore, for a family, increased living area requires a relatively small increase in payment, since the bulk of the bill is picked up by the state. This is irrational and motivates some people to scheme to acquire more and better housing. In times of severe housing shortages, this sometimes causes unfair housing allocations that in turn adversely affects unity among workers.

Furthermore, low rents discourage people from buying homes. The cost of a 50-square-meter house is roughly 6,000 yuan. The same sum deposited in the bank collects a monthly interest of 28.8 yuan. The monthly rent for a flat of the same area is less than 5 yuan. Moreover, a home-owner must pay taxes and regular maintenance fees. Clearly, it is much less costly to rent than to buy. Some people actually have sold their homes to live in rented flats.

Question: What measures would you recommend to improve the situation?

Answer: I think workers are entitled to low-rent housing as part of their benefits package, and housing is an important component of the country's economy. But it should be administered efficiently and rents should be determined according to business accounting methods.

The Housing Administration Bureau is tackling the problems and developing solutions such as rational allocation methods and graduated rents in line with the floor space per capita and the quality of the housing, i.e., people who have more space than others should pay more and better housing with better facilities should cost more.

The reorganization of rents is vital to workers' interests and must be conducted with great care.

Table 1

<u>Cities</u>	<u>Monthly rents (yuan per sq. m.)</u>	<u>Percentage of family's income</u>	<u>Remarks</u>
Tianjin	0.279	4.73	80 percent are subsidized by the state
Guangzhou	0.25	5.36	
Urumqi	0.25	4.08	
Qingdao	0.197	2.8	One-third are subsidized by the state
Shanghai	0.208	2.8	
Changchun	0.19	3.36	
Wuhan	0.15	4.1	Ibid.
Kunming	0.148	4	The state gives a 2.18 yuan monthly subsidy to each family
Beijing	0.126	2.26	
Nanjing	0.121	3.7	
Nanchang	0.11	2.2	
Lanzhou	0.069	1.4	
Guiyang	0.067	1.4	

Table 2

<u>Housing rented out by</u>	<u>Floor space (sq. m.)</u>	<u>Monthly rent per sq. m. (yuan)</u>
Bureau of Housing Administration	203.4 million	0.08-0.12
Government organizations, factories and mines	380.33 million	Less than 0.08
Individuals	125.78 million	20-30 percent higher than those collected by the bureaus of housing administration

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GENERAL

## BEIJING HOLDS HOUSING EXCHANGE FAIR

OW151758 Beijing XINHUA in English 1634 GMT 15 Oct 82

[Excerpts] Beijing, 15 Oct (XINHUA)--The first citywide housing exchange fair since 1949 opened today, attended by more than 10,000 Beijing residents, at the Working People's Palace of Culture for three days.

The fair, designed to aid residents in obtaining convenient and suitable housing in a city long pressed by a shortage, is sponsored by the Beijing Bureau of Real Estate Administration.

At the open-air fair, 12,000 cards containing house-exchangers' addresses, numbers of rooms, floor-space, exposure direction, rent and prerequisites for exchange were posted up. More than 900 staff at several dozen service counters answered questions and helped interested people with the necessary procedures. Cards had been collected and collated by the staff before the fair's opening, and checked to ensure the truth of the information provided.

In the 33 years since the founding of the People's Republic, the urban area of Beijing has expanded from 109 square kilometers to 340 square kilometers, and residential floor-space has increased from 13.54 million square meters to 52.60 million square meters in 1981. Though new buildings have all been assigned to residents, the need for housing exchanges has emerged as a result of employment, job shifts and other factors. People need to live closer to their work units while others wish to live near elderly or sick relatives.

Organized housing exchange in Beijing started in 1956. With a general housing exchange station, 9 substations and full-time or part-time staff at each housing office which looks after a certain number of blocks, Beijing has formed a service network for exchanges. Since May 1980, these institutions have held, in addition to day-to-day exchanges, 26 district-scale fairs.

Housing exchange involves only shifting of residence while ownership still remains in the hands of the state.

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